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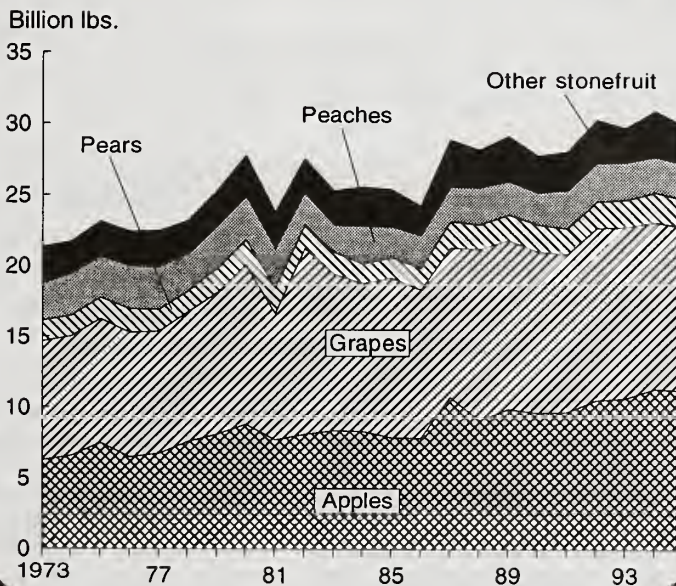
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Fruit and Tree Nuts

Situation and Outlook Report

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U.S. Noncitrus Fruit Production



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Summary

Grower prices for noncitrus fruits are likely to stay high for the remainder of 1995 and into 1996, more than offsetting low citrus prices. Several key western States are harvesting smaller crops of apples, grapes, and pears this fall. During the spring and summer, reduced production of California stonefruit and strawberries raised grower prices. Apple and pear prices also rose as 1994-crop stocks were drawn down. Orange prices dropped in 1995 as Florida produced a near-record crop, and another large crop is projected based on good summer weather and more trees reaching bearing age.

Retail prices of most fresh fruit rose faster than other consumer goods in January-July 1995. The fresh fruit index averaged 7 percent higher than a year earlier, compared with a 3-percent increase in the overall CPI. Retail prices were higher for oranges, bananas, peaches, grapes, and strawberries, but slightly lower for apples.

Larger 1995 apple crops in many apple-producing States will be nearly offset by a smaller Washington crop. USDA's August forecast indicated the U.S. apple crop would be down 1 percent from the 1994 record. In the western States, apple output is expected to be down 11 percent, but up 21 percent in the central States and up 13 percent in the East.

U.S. apple prices are likely to continue rising, given the expected decline in Washington output and limited foreign supplies of apple juice concentrate. A smaller European apple crop expected in 1995 will not replenish juice supplies and could bolster export demand for U.S. fresh-market apples.

California grape production is expected to decline 3 percent in 1995, with wine varieties down 3 percent, raisin varieties dropping 6 percent, and output of table-type grapes rising 6 percent. Grape prices will be supported by the higher value of premium wine varieties and strong fresh-market export demand.

The 1995 U.S. pear crop is forecast down 8 percent from the year earlier, with Pacific Coast production of Bartlett pears down 14 percent, but other varieties down less than 1 percent. Bartlett pears are mostly canned and other varieties are intended for fresh use. Reduced supplies of pears, as well as apples, in 1995/96 indicate rising prices for fresh-market pears.

California and Georgia produced fewer peaches in 1995 than in 1994, but increases in South Carolina and many other States nearly compensated. Overall, the 1995 U.S. peach crop forecast is down only 1 percent from the year before. There will be 13 percent more freestone peaches for the fresh market, but 17 percent fewer California clingstones for canning.

The U.S. sweet cherry crop was down 35 percent in 1995 from the year earlier and the smallest in 10 years. Fresh-market prices were up sharply as production dropped in California and Washington. In contrast, Michigan's 1995 tart cherry crop was probably the largest since 1964. Frozen cherry stocks are relatively high and a large crop will force prices down.

Excessive rain in California and Oregon cut 1995 U.S. strawberry production 7 percent from the 1994 record. Reduced output and higher prices will likely lower strawberry consumption from 5 pounds per person in 1994. In contrast, blueberry consumption will probably rise from last year's three-quarters of a pound, if crops in Maine and Michigan are as large as expected by the industry.

U.S. citrus production in 1994/95 was up about 11 percent from the prior season and 3 percent less than the 1979/80 record. Large orange and grapefruit crops in Florida resulted from favorable weather, an increased number of bearing-age trees, and higher per acre yields. Excessive rainfall and harsh weather early in 1995 did not reduce California orange production, which was nearly the same as 1993/94.

USDA expects Brazil to produce and export about 10 percent less orange juice in 1995/96 due to lower juice yields and increased diversion to the domestic fresh-fruit market. The Florida orange industry expects another large crop in 1995/96. The first USDA forecast of the 1995/96 U.S. citrus crop will be available in October.

California kiwifruit production declined for a second year in 1994 and grower prices increased by one-third. U.S. consumption dipped slightly, to 0.5 pounds per person, as increased kiwi imports did not compensate for reduced California shipments.

Record-high imports from Mexico in 1994 raised U.S. consumption of mangoes and papayas to 1.0 and 0.3 pounds per person, respectively. Imports and consumption are likely to be even higher in 1995. Florida mango production continued recovering from damage by Hurricane Andrew in 1992. Hawaiian production of papayas and pineapples continued its slow decline. Imports sustained fresh pineapple consumption in the United States, but processed consumption dipped in 1994.

U.S. banana imports were record high in 1994 and consumption increased to 28 pounds a person. The European Union (EU) policy regulating banana imports appears to bring more bananas to the United States. U.S. banana prices strengthened in 1995, but remain low relative to other fresh fruits. A special article in this issue of *Fruit and Tree Nuts* explains the EU banana import policy and how it affects the U.S. and European banana markets.

Another special article describes Chile's role as a fruit and vegetable supplier to the United States. Chile's accession to NAFTA is not expected to significantly affect the U.S. horticulture industry because current U.S. tariffs are low on fresh fruit from Chile. The highest tariffs are applied on processed fruit and vegetables and wine. Eliminating the relatively large tariffs on these competitive products could affect these sectors of the U.S. horticulture industry. However, relaxing Chile's phytosanitary restrictions could boost U.S. horticultural exports to Chile.

Noncitrus Prices Strengthen

Less abundant harvests of noncitrus fruits in 1995 indicate higher grower and retail prices. However, a slight upturn in orange prices will likely be quashed by the prospect of another large crop beginning late in 1995.

Noncitrus fruit prices will continue to strengthen with curtailed production in many areas. In many western States, especially California, 1995 crops of apples, grapes, pears, stonefruit, and strawberries are expected to be smaller than those harvested in 1994. Reduced production of California stonefruit raised the prices received by growers in the spring and summer of 1995. Apple and pear prices also rose seasonally as stocks were drawn down. New-crop prices are likely to be buoyed by tighter supplies following harvest in the fall of 1995.

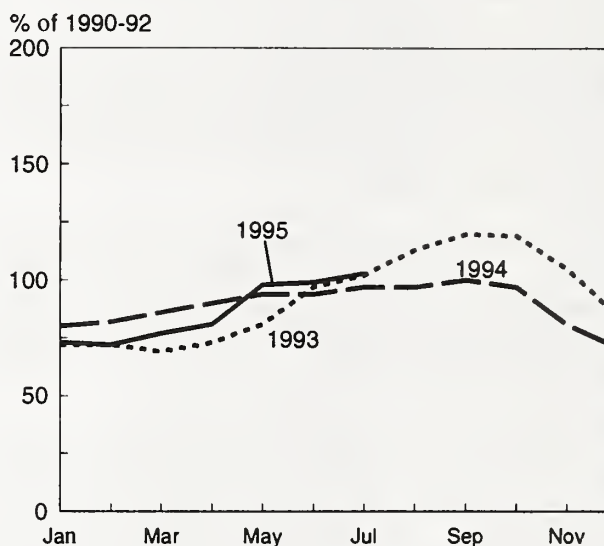
Lower Grower Prices Prevail in 1994/95

During the first half of 1995, monthly grower price indexes averaged nearly 6 percent lower than in January-June 1994. The index for all fruit and tree nuts rose in May 1995 to exceed the year-earlier level for the first time since May 1994. Low orange prices were mostly responsible for the year-long slump. Apple and pear prices were below a year earlier during the last half of 1994, but were higher in 1995. Orange prices rose in May as sales of lower-valued processing oranges decreased and fresh-market prices rose. Peach and strawberry prices have also been higher in 1995.

Orange prices dropped in 1994/95 as Florida produced a near-record crop. From November 1994 through May 1995, prices that growers received for all oranges averaged nearly 25 percent less than during the same months in 1993/94. Reduced Florida processing prices contributed the most to the drop, but fresh-market prices were also down. About 5 percent more fresh oranges were shipped from Florida in 1994/95 and prices were mostly lower than the year earlier. Although California's 1994/95 orange output is expected to be about

Figure 1

Prices Received by Growers for Fruit and Nuts



the same as in 1993/94, grower prices for fresh-market oranges have slipped.

A smaller European crop, relatively high-priced foreign juice, and a reduction in U.S. apple production are likely to boost apple prices in 1995/96. Although a record-large apple crop was harvested in the fall of 1994, movement out of storage was brisk throughout the marketing season and January-July prices for fresh apples averaged 17.2 cents a pound, 4 percent higher than the year earlier. USDA's preliminary estimate of the 1994/95 season-average grower price for all apples was about 13 cents a pound, unchanged from 1993/94. Grower prices for fresh-market apples were down just 1 percent from 1993/94, but averaged 7 percent below 1992/93. In contrast, tight world supplies of apple juice contributed to an 11-percent increase in the average price paid to U.S. growers for juice apples.

Higher prices will accompany an 8-percent decline in 1995 pear production. Grower prices for fresh-market pears averaged nearly twice as high in January-July 1995 as the abysmal levels of 1994. The large crop harvested in the fall of 1994 and low prices boosted fresh use nearly 9 percent and processing 13 percent from the year earlier. USDA's preliminary estimate of the 1994/95 season-average price was 13 cents a pound, down 8 percent from the prior season and only two-thirds of the 1992/93 average.

The 3-percent smaller 1995 California grape crop forecast will likely bolster 1995/96 prices. The average price growers

Table 1--Index of prices received by growers for fruit and nuts, 1991-95

Month	1991	1992	1993	1994	1995
1990-92=100					
January	97	105	72	80	73
February	101	106	72	82	72
March	107	109	69	86	77
April	111	104	73	90	81
May	116	98	81	94	98
June	134	100	97	94	99
July	112	92	102	97	103
August	112	102	113	97	
September	123	101	120	100	
October	116	96	119	97	
November	111	92	105	81	
December	104	80	85	71	
Annual	112	99	92	89	

Source: National Agricultural Statistics Service, USDA.

received for all grapes in 1994 was 16 cents a pound, down nearly 6 percent from 1993. U.S. grower prices for fresh-market grapes dropped 14 percent in 1994 from the relatively high 34-cent-a-pound average of 1993. Fresh utilization of the 1994 grape crop remained high with continued strong export and domestic demand. The average price of grapes used for wine rose 5 percent in 1994, while the price of grapes used for raisins declined 15 percent.

Most Retail Fruit Prices Rise

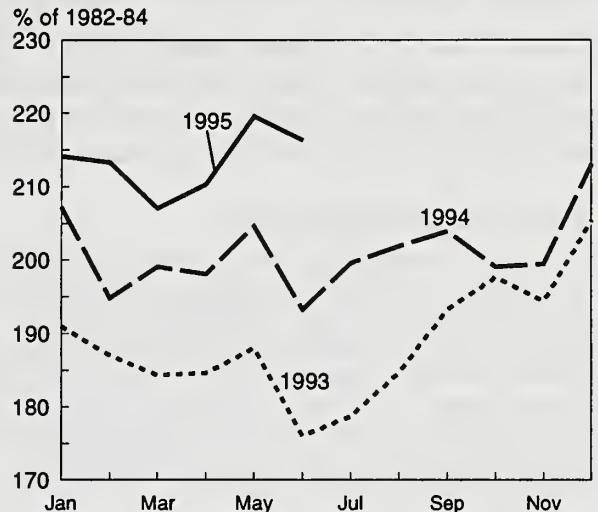
The monthly Consumer Price Index (CPI) for fresh fruit has been above a year earlier since July 1993. Between January and July 1995, monthly indexes averaged 7 percent higher than the same period in 1994. Prices of fresh fruit rose faster than other consumer goods. The overall CPI was up about 3 percent during 1995. Retail prices were higher for oranges, bananas, peaches, grapes, and strawberries, but slightly lower for apples.

Consumers found the prices of their favorite fresh fruit—bananas and navel oranges— inching up more than other consumer prices. From January through July 1995, retail banana prices averaged 49.8 cents a pound, up 6 percent from a year earlier. Banana prices may be turning around from a cycle of excess supply and low prices. During 1994 retail banana prices averaged 46 cents a pound, compared to 44 cents in 1993 and 46 cents in 1992. From November 1994 through May 1995, retail prices for navel oranges averaged 59 cents a pound, 4 percent above 1993/94.

Retail prices for Thompson Seedless grapes are on an upward trend, averaging 7 percent higher than the prior year from January through July 1995, and up 12 percent for all of 1994 compared to 1993. Consumer demand is strong for many varieties of table grapes and imports are up. In the winter,

Figure 2

Fresh Fruit: Consumer Price Index



most of the U.S. grape supply is imported from Chile. Higher table-grape production could pressure prices later this year. However, reduced stonefruit supplies will bolster grape demand and prices.

Retail prices for fresh strawberries rose in the early spring after March rains damaged crops in the major northern California strawberry-growing area. Excessive rain had previously interrupted shipments from southern strawberry-growing areas. Prices averaged \$1.30 cents a pound during the first seven months of 1995, compared to \$1.10 in 1994. The gain was due mainly to an extremely high price in February, when supplies were more limited than usual.

Table 2--U.S. consumer price indexes for fruit, 1994-95

Month	Fresh fruit			Processed fruit		
	1993	1994	1995	1993	1994	1995
1982-84=100						
January	191.0	207.2	214.2	133.3	134.6	134.4
February	187.0	194.8	213.3	134.5	133.0	135.3
March	184.4	199.1	207.0	132.0	133.3	136.5
April	184.6	198.1	210.3	132.1	133.9	136.8
May	188.0	204.6	219.6	130.7	132.6	136.7
June	176.1	193.3	216.3	129.7	132.6	137.2
July	178.7	199.6	218.4	131.0	133.8	138.0
August	184.7	201.9		132.2	132.1	
September	193.3	203.9		132.4	132.4	
October	197.7	199.1		132.8	133.3	
November	194.4	199.5		133.4	132.5	
December	205.4	213.1		133.7	133.3	

Source: Bureau of Labor Statistics, U.S. Department of Labor.

Hardy Apple Demand Buys Prices

Processor demand for juice apples has been strong, as well as export demand for fresh-market apples. Apple prices are likely to continue their modest rise, given the expected decline in Washington and European output.

U.S. Apple Output Stable in 1995

USDA expects a smaller Washington apple crop to be nearly offset by larger crops in many other apple-producing States, including Michigan, New York, Pennsylvania, and Virginia. The August forecast indicated a crop of 11.186 billion pounds, which would be down 1 percent from 1994's record crop. In the western States, apple output is expected to be down 11 percent from the year earlier. In contrast, forecasts for the eastern and central States amount to 13- and 21-percent increases, respectively, in apple production.

Washington had a cool, wet spring in 1995, and some hail damage in the summer that resulted in an apple-crop forecast of 5.2 billion pounds, down 9 percent from 1994. Some of the same weather conditions affected California orchards and, despite the maturing of new plantings, the prospective apple crop is down 5 percent, to 1.0 billion. New York's 1995 apple crop forecast was 3 percent more than 1994 crop, 1.1 billion pounds. Michigan had good growing conditions in most areas and another record crop of 1.2 billion pounds is projected, up 19 percent from 1994. The 1995 Pennsylvania apple crop forecast was up 33 percent from a year earlier and Virginia's was up 38 percent.

Apple Shipments Strong in 1994/95

Apple stocks are not excessive despite the record-large harvest in the fall of 1994. According to the International Apple Institute, 95 percent of the apples in storage on November 1, 1994, were gone by July 1, 1995. Shipments have been above average, with total movement from storage 23 percent higher than the prior 5-year average (1990-94). Processor demand for juice apples has been strong, as well as export demand for fresh-market apples.

U.S. stocks were only 6 percent above the year earlier on July 1, 1995, but 38 percent higher than the 5-year average. Supplies of apples intended for the fresh market were about the same as the year earlier, while there were nearly one-third more processing apples in storage. Apple stocks were up 9 percent in Washington and up more than 100 percent in California and the Southeast (mainly Virginia and West Virginia), where July 1, 1994, inventories had been very low. Michigan apple stocks were 60 percent lower by July 1, 1995, compared to the year before and, in the Northeast (mainly New York and Pennsylvania), stocks were down 33 percent. Despite a large New York apple crop in 1994, stocks were drawn down as deliveries to processors in 1994/95 outpaced the prior season by 9 percent.

Washington accounted for 89 percent of the July apple stocks and 66 percent of the apples in storage were Red Delicious. Stocks of Red Delicious were 14 percent higher in 1995 than

Table 3--Apples: Total production, 1992-94, and indicated 1995 production 1/

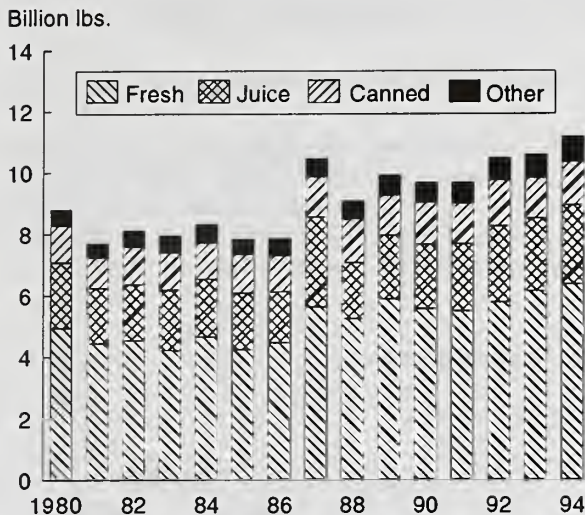
States	1992	1993	1994	1995
--- Million pounds ---				
Eastern states:				
Connecticut	39	25	25	23
Delaware	27	28	20	21
Georgia	25	34	26	35
Maine	82	54	54	61
Maryland	50	42	35	48
Massachusetts	85	59	63	65
New Hampshire	54	37	41	39
New Jersey	55	75	70	80
New York	1,170	870	1,100	1,130
North Carolina	240	320	250	240
Pennsylvania	500	530	400	530
Rhode Island	7	5	5	5
South Carolina	75	60	60	75
Vermont	50	38	42	41
Virginia	370	370	290	400
West Virginia	225	190	150	190
Total	3,054	2,736	2,630	2,983
Central states:				
Arkansas	8	12	8	14
Illinois	88	90	47	85
Indiana	70	80	50	72
Iowa	14	10	12	8
Kansas	6	7	5	8
Kentucky	16	22	7	17
Michigan	1,080	1,020	1,020	1,210
Minnesota	29	23	23	24
Missouri	37	51	33	40
Ohio	100	105	90	110
Tennessee	13	19	10	18
Wisconsin	63	62	80	77
Total	1,524	1,501	1,385	1,683
Western states:				
Arizona	90	61	64	2/
California	840	880	1,050	1,000
Colorado	90	92	85	70
Idaho	75	195	165	70
New Mexico	15	7	8	2/
Oregon	175	160	200	140
Utah	56	53	48	20
Washington	4,650	5,000	5,700	5,200
Total	5,991	6,448	7,320	6,500
United States	10,569	10,685	11,336	11,186

1/ Commercial production from orchards of at least 100 bearing-age trees.

2/ Data not published to avoid disclosure of individual operations.

Source: National Agricultural Statistics Service, USDA.

Figure 3

U.S. Apple Utilization

in 1994 and up 37 percent from the 5-year average. The inventory of Golden Delicious apples was up 32 percent from July 1, 1994, and 50 percent higher than the 5-year average. Granny Smith stocks were down from the year before, but 7 percent above the 5-year average.

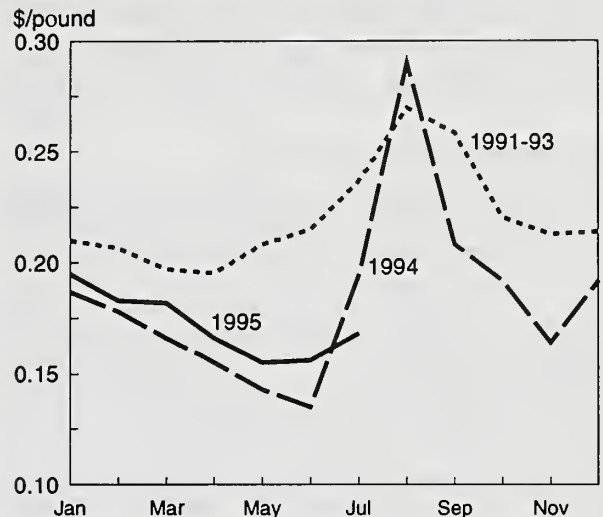
Export demand for fresh apples continues strong. During the first 4 months of 1995, export volume was down just 6 percent from the record-breaking pace of 1994. Total 1994 fresh-market apple exports rose 42 percent from 1993. Shipments from the United States to Mexico were restricted by phytosanitary concerns early in the 1994/95 marketing season and later by the devaluation of the peso that raised the price of U.S. goods in Mexico.

From August 1994 to June 1995, Washington apple exports were up 14 percent from a year earlier. Countries in Asia and the South Pacific accounted for more than half of the season-to-date total as exports to those areas increased 30 percent from the same period in 1993/94. Shipments to Canada and Mexico from Washington were off nearly 40 percent, while Central and South American countries (especially Brazil, Colombia, and Ecuador) nearly doubled their imports of Washington apples.

Apple Prices Increase for Growers

Apple prices are likely to continue rising, given the expected decline in Washington output, the weak U.S. dollar, and lim-

Figure 4

U.S. Grower Prices for Fresh Apples

ited foreign supplies of apple juice concentrate that put upward pressure on imported juice prices. Juice supplies are not likely to be replenished by European apple production, which is expected to be down in 1995. The weak dollar and smaller European crop also could raise export demand for U.S. fresh-market apples.

Since January 1995, the prices that growers received for apples have been above the year earlier while consumer prices have remained lower. Grower prices averaged 18.6 cents a pound from January through June 1995, up 8 percent from a year earlier. During the same period, retail prices for Red Delicious apples were 1 percent lower, 79.6 cents, compared to 80.6 cents in the first half of 1994. Retail prices have started to rise seasonally and are likely to be above a year earlier throughout 1995.

Although a record-large U.S. apple crop was harvested in the fall of 1994, the average grower price did not fall significantly and the value of the crop rose to \$1.427 billion, up 5 percent from 1993. USDA's preliminary estimate of the season-average grower price for all apples was down only slightly, from 12.9 cents a pound in 1993/94 to 12.8 cents in 1994/95. Prices for fresh-market apples were lower, averaging 18.2 cents a pound, compared to 18.4 cents in 1993/94. However, the price of processing apples rose 5 percent, to 5.6 cents a pound (\$112 per ton) due to tight world supplies of apple juice. The U.S. juice-apple price was 11 percent higher in 1994/95 than in 1993/94.

Smaller 1995 Grape Crop

A smaller California grape crop is expected to boost grower prices in 1995 after increased supplies lowered table and raisin grape prices last year. Americans are drinking higher quality wine, but consumption is stable.

More Grapes for Wine and Juice

California grape production is expected to decline 3 percent in 1995. Vineyards in Napa and Sonoma counties were flooded in March, but more damage was inflicted on the grape crop by a mid-June hail storm in Fresno County, the major producing area. The forecast for wine-type grapes is 4.4 billion pounds, down 3 percent from the year earlier, while raisin-type production is pegged at 4.5 billion pounds, a 6-percent drop from 1994. Output of table-type grapes is expected to increase 6 percent to nearly 1.3 billion pounds.

USDA reports grape production for 12 States, other than California, that account for about 10 percent of U.S. grape production. Grape crops in other States were forecast to total 1.4 billion pounds, up 11 percent from 1994. About three-fourths of the other States' production is Concord grapes that are used for juice, jams and jellies, and wine. Washington grape production is projected to increase 36 percent in 1995 and Michigan is expected to produce 8 percent more grapes than in 1994. However, the grape crops in New York and Pennsylvania are anticipated to be smaller this year than last.

Grape Production and Prices Down in 1994

Although bearing acreage rose slightly in 1994, per acre yields were lower in California and U.S. grape production dipped 3 percent. California's output of wine- and table-type grapes

dropped 5-6 percent while raisin-grape output rose 1 percent from 1993. Fresh use of the U.S. grape crop rose 1 percent from 1993, to 1.62 billion pounds. California provided 1.56 billion pounds of fresh-market grapes, about 15 percent of the State's grape output. Nearly 60 percent of California's

Figure 5
U.S. Grape Utilization

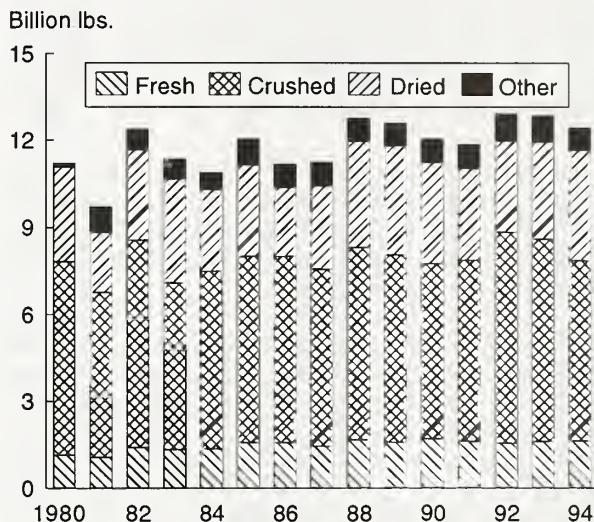


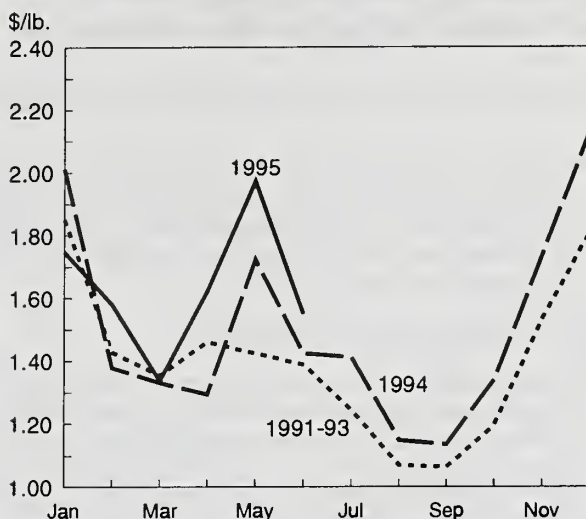
Table 4--Grapes: Total production and season-average price received by growers in principal States, 1992-94, and indicated 1995 production

States	Production				Price		
	1992	1993	1994	1995	1992	1993	1994
	---- Million pounds ----				---- Cents per pound ----		
Arizona	50	48	52	50	25.0	37.7	47.0
Arkansas	10	16	12	16	25.9	24.7	23.8
Georgia	7	7	6	7	42.4	42.2	46.0
Michigan	94	110	130	140	12.1	12.7	11.9
Missouri	4	5	5	5	20.4	18.8	24.4
New York	360	236	380	350	11.1	11.3	10.9
North Carolina	3	3	3	4	39.0	35.5	36.5
Ohio	21	14	14	18	13.3	12.6	12.0
Oregon	25	25	22	22	39.5	40.0	42.3
Pennsylvania	156	108	160	140	9.9	10.5	9.1
South Carolina	1	1	1	1	52.5	71.0	62.0
Washington	454	708	450	612	14.7	12.7	12.8
Total 1/	1,184	1,280	1,235	1,365			
California:							
Wine	4,290	4,794	4,530	4,400	19.7	18.1	18.9
Table	1,290	1,264	1,204	1,280	17.8	28.7	25.9
Raisin 2/	5,340	4,708	4,772	4,500	11.5	12.8	10.7
All	10,920	10,766	10,506	10,180	15.5	17.0	16.0
United States	12,104	12,046	11,741	11,545	15.3	16.7	15.8

1/ Some figures may not add due to rounding. 2/ Fresh weight of raisin-type grapes.

Source: National Agricultural Statistics Service, USDA.

Figure 6

Thompson Seedless Grapes: Consumer Price

fresh-marketed grapes were table varieties, such as Flame Seedless, Red Globe, and Ruby Seedless, and 35 percent were raisin types that include Thompson Seedless.

Processing accounted for 85 percent of the California grape crop in 1994, with 48 percent crushed, 36 percent dried, and 1 percent canned. Thirteen percent more of the 1994 U.S. grape crop (3.8 billion pounds) was made into raisins in 1994 than the year earlier. Although the share of the U.S. crop crushed to make wine and juice rose in 1994, the quantity, 6.23 billion pounds, was down 11 percent from the year earlier.

The average price growers received for all grapes declined to \$315 a ton (15.8 cents a pound) in 1994 from \$334 (16.7 cents) the prior year as higher prices for grapes used to make wine and juice were more than offset by lower prices for fresh grapes and raisins. U.S. grower prices for fresh-market grapes averaged \$581 a ton (29.1 cents a pound) in 1994, down from the relatively high \$678 (33.9 cents) in 1993, when supplies were tight. Strong demand raised the prices of grapes crushed to make wine and juice, as well as the increased output of higher-valued varieties of wine grapes. Prices of all grapes used for wine averaged \$347 a ton (17.45 cents a pound), up 5 percent from 1993. However, the price of grapes used for raisins dropped 15 percent to \$185 (9.3 cents).

Grape Imports Steady, While Exports Soar

The volume of fresh-market grapes imported in 1994 was about the same as the year earlier. Most U.S. grape imports are from Chile and arrive between January and May. Although down from the relatively high 1990 level, imports still constitute about 30 percent of U.S. grape supplies.

Table 5--U.S. imports of fresh grapes, by country, 1990-94

Source	1990	1991	1992	1993	1994
Million pounds					
Chile	759.4	633.1	613.0	615.5	619.3
Mexico	57.7	94.6	81.7	91.1	90.6
Canada	6.3	2.7	3.4	0.6	1.6
Italy	0.1	0.2	0.2	0.7	0.4
Other	6.3	2.7	3.5	0.8	2.4
World	823.5	733.0	698.7	708.7	714.2

Source: Bureau of the Census, U.S. Department of Commerce.

The United States exported 482.5 million pounds of grapes in 1994, up 7 percent from the year earlier. Canada remained the major destination, receiving nearly half of U.S. grape exports, but the growth was in shipments to Mexico (up 86 percent), the Philippines (up 45 percent), and Hong Kong (up 20 percent). Mexico moved ahead of Taiwan to become the third most important export destination, following Canada and Hong Kong. As recently as 1992, ten other countries received more U.S. grapes than Mexico. Aggressive marketing by California growers and the lowering of trade barriers that accompanied NAFTA negotiations helped raise grape exports to Mexico.

U.S. Wine Consumption Stable

Although Americans have not increased the quantity of wine they drink, the quality is higher. U.S. wine consumption averaged 1.76 gallons per person in 1994, compared to 1.77 gallons in 1993. However, more premium table wines are being consumed (Chardonnay, Cabernet Sauvignon, Merlot, and Zinfandel) and there is less demand for generic wines (such as Chablis and other white wines using Chenin Blanc and Columbard varieties) and wine coolers.

In 1994, California shipped a record 343 million gallons of wine in the domestic market, accounting for 75 percent of consumption. Wine from other States accounted for 10 percent of the market, and imports made up the remaining 15 percent.

The United States is still a net importer of wine (70 million gallons imported in 1994 compared to 32 million exported). Since the mid-1980s, U.S. wine exports have been rising and imports declining. Contrary to the trend, 1994 imports increased from 65 million gallons in 1993 and exports declined from 34 million gallons. Italy and France are major sources of imported wine—42 and 26 percent, respectively, of the 1994 volume. Canada remained the main destination for U.S. wine exports, followed by the United Kingdom and Japan.

Pear Production Plunges

U.S. pear production is forecast to decline in 1995 following 3 years of growth. Bartlett pear production is projected down sharply but other varieties will decline little. Reduced supplies will push prices higher.

Fewer Bartlett Pears in 1995

The 1995 U.S. pear crop forecast is 1.9 billion pounds, down 8 percent from the prior crop. Pacific Coast production of Bartlett pears is expected to be down 14 percent from 1994, while output of other varieties declines less than 1 percent. Bartlett pears are mostly canned and other varieties are intended for fresh use. Tighter supplies of pears, as well as apples, in 1995/96 indicate rising prices for fresh-market pears.

Bartlett pear production is expected to drop 20 percent from 1994 in California and 16 percent in Oregon. A slight increase in Washington will not compensate and total crop will be the smallest since 1988. Bartlett pears from these three States usually comprise 60 percent of total U.S. pear production. Excessive rain that flooded some orchards and interfered with pollination, as well as hail damage to fruit, contributed to the drop in California Bartlett output. Unusual spring weather resulted in extended bloom periods and uneven pollination in Oregon.

Production of other pear varieties in Washington is projected to increase 6 percent to a record high in 1995, and will nearly offset a 9-percent decline in Oregon's output. Other varieties that develop later than Bartletts were less affected by the adverse spring weather in Oregon.

Pear Prices Plummet in 1994/95

Grower prices for all pears fell 9 percent in 1994/95 as utilized production rose 10 percent, to 2.09 billion pounds. Fresh use, including exports, increased 9 percent and amounted to 53 percent of the 1994 pear crop. The 1994/95 season-average price was 12.9 cents a pound for all fresh pears, down from 14.0 cents the year before. However, the average price of non-Bartlett, fresh-market pears rose 9 percent, averaging 14.2 cents in 1994/95. Although production of other-than-Bartlett pears increased 6 percent in 1994, strong domestic and export demand supported prices. Grower prices for all fresh pears recovered from their slump early in 1995 as imports slacked off and exports climbed. Grower prices for

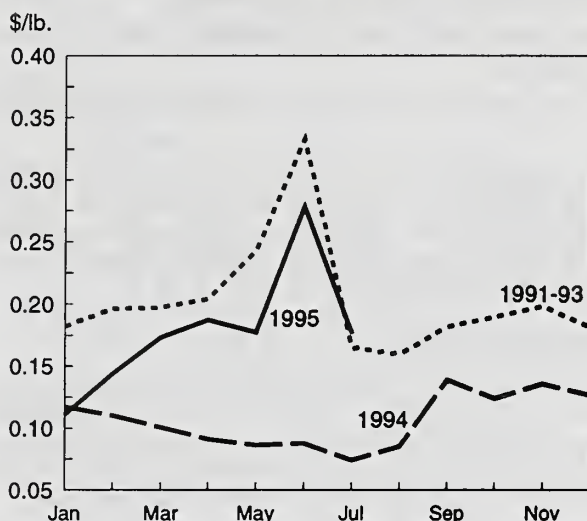
Table 6--Pears: Total production and season-average price received by growers, 1992-94, and indicated 1995 production

State	Production 1/				Price		
	1992	1993	1994	1995	1992	1993	1994
	--- Million pounds ---				--- Cents per pound ---		
Pacific Coast:							
California:							
Bartlett	630	576	666	530	11.9	11.9	9.2
Other	46	40	60	60	17.8	26.4	14.1
Total	676	616	726	590	12.3	12.8	9.6
Oregon:							
Bartlett	148	126	166	140	13.3	13.0	10.7
Other	280	320	350	320	16.9	10.4	11.0
Total	428	446	516	460	15.6	11.1	10.9
Washington:							
Bartlett	340	326	348	350	13.6	13.5	11.3
Other	334	440	436	460	19.7	11.4	13.3
Total	674	766	784	810	16.6	12.3	12.4
3 States:							
Bartlett	1,118	1,028	1,180	1,020	12.6	12.5	10.0
Other	660	800	846	840	18.4	11.7	12.4
Total	1,778	1,828	2,026	1,860			
Colorado	8	10	8	6	14.2	17.4	13.4
Connecticut	3	3	3	2	32.5	30.0	29.0
Michigan	12	11	9	12	11.8	11.3	14.0
New York	37	30	32	32	15.3	13.1	15.2
Pennsylvania	11	12	12	13	20.1	17.5	19.3
Utah	4	3	2	2	20.0	20.0	18.0
Total	74	69	66	67			
United States							
Bartlett	1,118	1,028	1,180	1,020	12.6	12.5	10.0
Other	734	869	912	907	18.4	11.7	12.4
Total	1,852	1,897	2,092	1,927	14.8	12.3	11.2

1/ Includes unharvested production and production not sold.

Source: National Agricultural Statistics Service, USDA.

Figure 7

U.S. Grower Prices for Fresh Pears

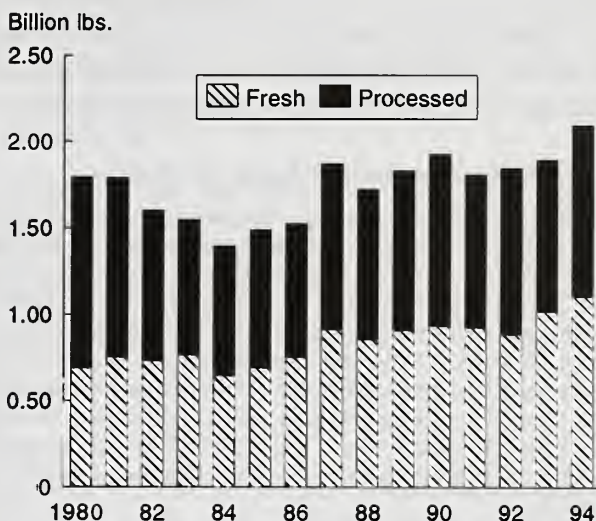
fresh-market pears averaged 19.3 cents a pound during the first 6 months of 1995, nearly twice as high as in 1994.

Processing accounted for 47 percent of the 1994 pear crop and the quantity processed rose 13 percent to 989 million pounds. Processing prices for California, Oregon, and Washington Bartletts dropped 20 percent to \$200 a ton (10 cents a pound) from \$250 the prior year. Reduced production could revive grower prices for processing pears, although cannery carry-over stocks remain high this year. In California, early contract prices were up slightly, but the Washington-Oregon Canning Pear Association reported \$185 a ton (9.25 cents a pound) for No. 1 Bartletts, compared to \$210 in 1994.

Pear Imports Fall and Exports Rise

From July 1994 through April 1995, the United States imported 65.5 million pounds of fresh pears, less than two-thirds

Figure 8

U.S. Pear Utilization

of the quantity imported during the same 10 months of 1993/94. Only 57 percent of the pears were from Chile, compared to 70 percent the year earlier. Imports from Argentina increased, but less than half as many pears were imported from Chile as the prior year.

A large U.S. pear crop and low prices helped stifle imports and boost exports. Exports of U.S. fresh-market pears, between July 1994 and May 1995, totaled 282.8 million pounds, up 15 percent from the year earlier. Mexico received 34 percent of the exports and remained the main destination for U.S. pears, although the volume did not increase from the prior year. The devaluation of the peso discouraged purchases from the United States, despite the lowered tariff resulting from the North American Free Trade Agreement (NAFTA). Pear exports to Canada increased 18 percent from the year before, with nearly one-third of all U.S. pear exports going to Canada.

California Stonefruit Output Drops in 1995

Excessive rain, wind, and hail reduced production of California apricots, cherries, peaches, plums, and prunes. Although other States' peach and cherry production will outpace 1994, prices have been higher for most stonefruit.

More Fresh Peaches, but Fewer for Canning

California and Georgia will produce fewer peaches in 1995 than in 1994, but increased production in South Carolina and many other States will nearly compensate. Overall, the 1995 U.S. peach crop forecast is only 1 percent less than 1994 production. The freestone peach crop is projected to be 13 percent larger than the year earlier, while 17 percent fewer clingstones are expected in 1995. The forecast includes 1.55 billion pounds of freestone peaches and 940 million pounds of California clingstones. About 75 percent of freestone peaches are typically used fresh and the clingstones are mostly canned.

A stormy spring helped lower California peach output 16 percent from the year earlier. Hail storms in late May caused some localized damage in the San Joaquin Valley and severe hail storms in Fresno and Tulare counties on June 15 damaged peaches, as well as plums, nectarines, and grapes. Excessive moisture, hail damage, and wind scarring raise the incidence of split pits, brown rot, and soft fruit that lowers quality and reduces the packout. By the end of June, the freestone fresh-market pack was 15 percent less than the industry's adjusted pre-season estimate and prices were up about 20 percent from the year earlier.

The South Carolina peach crop forecast is 255 million pounds, up 2 percent from 1994. Growing conditions have been favorable all season, including some needed rain in June. Rain also improved the size of Georgia's peaches, but production is still expected to be down 9 percent to 160 million pounds. USDA expects peach production to be up in most other States, except Colorado, Idaho, Oregon, and Utah. Poor pollination reduced the crop in Oregon and a late spring freeze damaged peach buds in Colorado, Idaho, and Utah. Normal production

is forecast for eastern States that had practically no peach crop in 1994 due to freeze damage—Pennsylvania, Indiana, Ohio, West Virginia, and Kentucky. Output will also increase from below normal in 1994 in Michigan, Illinois, Virginia, Arkansas, and New Jersey.

Peach Prices Rise

California's reduced fresh-market peach output helped boost early season prices. USDA's grower prices for fresh-market peaches in May and June 1995 were the highest in 10 years. Increased marketings from the mid-Atlantic and Great Lakes areas in July and August brought more moderate prices.

Canners are paying more for peaches this year, but grower revenue will be down due to the reduced crop. The California Canning Peach Association announced a top price of \$213 a ton (nearly 11 cents a pound) for loads with less than 8-percent offgrade, compared to \$185 (about 9 cents a pound) the year earlier. However, paid-for tonnage will be at least 25 percent less than in 1994.

Limited Apricot and Plum Crops

This was not a good year for apricots. Total U.S. apricot production is forecast at 135 million pounds, the lowest since 1986. Production in California dropped to 120 million pounds, down from 300 million in 1994. The stress of a heavy crop in 1994 reduced the 1995 fruit set. In addition, warm winter temperatures did not provide adequate chilling, the spring was wet and foggy, and there was excessive rain during harvest in June. In Utah, a spring freeze and snow storm destroyed the apricot crop. Hail damaged some of Washington's crop and output was down slightly from a year ago.

USDA projects a 4-percent decline in California dried prune production, due to poor pollination, wind, and flood damage early in the season. Growers anticipate a 50-percent decrease in plum shipments. In 1994, California's plum output rose by one-third from the prior year and the average price received by growers fell nearly 40 percent. At the same time, prune output was the highest in 5 years, up 60 percent (dried basis) from 1993, but the price came down only 10 percent. Since fresh-market prices are more volatile, expect plum prices to rise much more than prune prices in 1995.

Sweet Cherries Damaged by Rain

The U.S. sweet cherry crop is expected to be 271 million pounds in 1995, 35 percent smaller than in 1994 and the lowest output in 10 years. Production drops in the western States were not offset by gains in Michigan and New York. Washington and California grow mostly Bing cherries and supply the fresh market, while light-colored sweet cherries from Oregon and Michigan are processed to make maraschino cherries. Fresh cherry prices were very high in May when

Figure 9
U.S. Peach Utilization

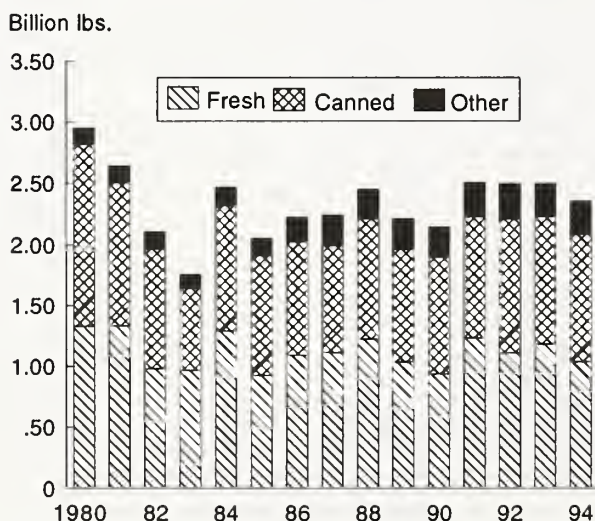
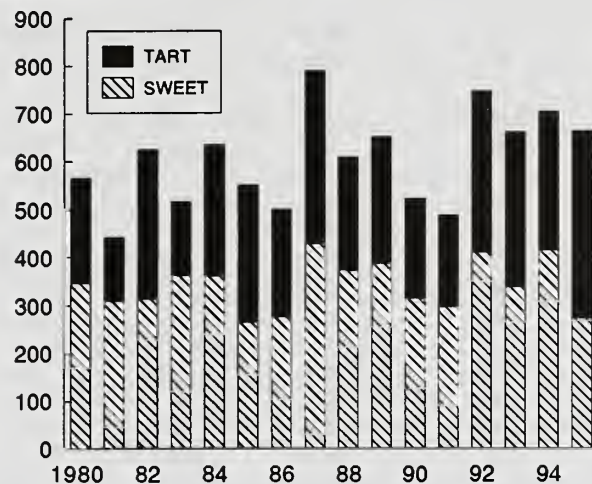


Figure 10

U.S. Cherry Production

Million lbs.



most California cherries are usually marketed and remained high in June and July when northwest cherries were ready. F.o.b. prices were about \$1.30 a pound in July, up nearly 20 percent from the year earlier.

In California, sweet cherry output dropped more than 70 percent from the year earlier, to just 30 million pounds. Rain

during full bloom in March hampered pollination and knocked blossoms from trees and heavy rain in May split the skin of mature cherries. Cool, wet weather also contributed to poor pollination and reduced fruit set in Washington, where the crop forecast was down 27 percent, to 120 million pounds. Heavy rains in July caused some of the remaining cherries to split, further reducing production.

If the forecasts are realized, Michigan's sweet cherry production will exceed Oregon's for the first time since 1985. The forecast for Michigan is 58 million pounds, up 16 percent from the 1994 crop. Oregon sweet cherry production is projected down 36 percent, to 54 million pounds. The major cherry-producing areas in Oregon (the Dalles and Hood River) have moderate-sized crops. However, in the Willamette Valley, pollination was poor and the fruit set light.

Tons of Tart Cherries

Most of the U.S. tart cherry crop is grown in Michigan so the expected 52-percent gain in Michigan output will raise U.S. production 36 percent from 1994. Michigan's 1995 tart cherry crop is forecast to be the second largest since estimates began in 1925. The record crop occurred in 1964, when 380 million pounds were produced and 300 million pounds utilized. This year's production forecast is 320 million pounds. Frozen cherry stocks are relatively high and the large crop will force prices down.

Table 7--Cherries, sweet: Total production and season-average price received by growers, 1992-94, and indicated 1995 production

States	Production				Price		
	1992	1993	1994	1995	1992	1993	1994
	--- Million pounds ---				--- Cents per pound ---		
California	62.0	38.0	104.0	30.0	62.0	113.5	61.0
Idaho	2.4	3.0	2.6	1.0	48.8	37.7	70.5
Michigan	36.0	60.0	50.0	58.0	34.5	34.7	29.4
Montana	1.6	1.8	1.5	1.2	49.4	79.5	60.0
New York	2.2	1.4	1.8	2.0	48.8	42.5	42.5
Oregon	104.0	68.0	84.0	54.0	43.4	44.7	36.6
Pennsylvania	2.2	2.4	1.9	1.8	87.0	71.0	92.0
Utah	5.6	2.5	4.6	3.4	31.1	47.9	45.1
Washington	194.0	160.0	164.0	120.0	43.6	62.0	60.0
United States	410.0	337.1	414.4	271.4	45.8	59.5	52.0

Source: National Agricultural Statistics Service, USDA.

Table 8--Cherries, tart: Total production and season-average price received by growers, 1992-94, and indicated 1995 production

States	Production				Price		
	1992	1993	1994	1995	1992	1993	1994
	--- Million pounds ---				--- Cents per pound ---		
Colorado	1.5	1.6	1.5	1.2	36.5	24.9	35.5
Michigan	245.0	270.0	210.0	320	17.5	11.4	17.0
New York	31.0	15.7	26.0	30	18.2	10.3	7.2
Oregon	9.5	3.0	8.0	4	25.1	15.2	15.6
Pennsylvania	6.0	11.5	9.0	10	27.4	18.1	26.5
Utah	33.0	15.0	26.5	20	14.0	12.8	10.3
Wisconsin	9.1	6.6	6.8	5.8	15.0	9.8	12.4
United States	335.1	323.4	287.8	391.0	17.6	11.8	15.9

Source: National Agricultural Statistics Service, USDA.

Table 9--Peaches: Total production and season-average price received by growers, 1992-94, and indicated 1995 production

State	Production				Price		
	1992	1993	1994	1995	1992	1993	1994
	--- Million pounds ---				--- Cents per pound ---		
Alabama	13	14	17	22	31.3	32.9	23.5
Arkansas	12	24	8	21	22.1	14.0	24.5
California							
Clingstone	1,183	1,097	1,130	940	10.8	10.9	9.0
Freestone	642	603	632	540	12.4	14.9	10.7
Colorado	18	18	20	16	33.3	31.1	31.9
Connecticut	4	4	2	3	50.0	52.0	50.0
Delaware	4	4	3	3	19.7	24.0	36.5
Georgia	130	150	175	160	22.6	22.5	18.4
Idaho	5	7	4	3	28.0	24.2	35.1
Illinois	18	16	5	19	27.6	29.9	32.0
Indiana	6	8	1/	5	44.3	35.3	1/
Kansas	1	1	1	2	42.3	38.0	26.0
Kentucky	4	6	1/	5	29.0	30.0	1/
Louisiana	4	4	4	6	45.0	48.0	44.0
Maryland	11	10	3	10	28.5	25.5	39.2
Massachusetts	2	2	1	2	55.0	52.0	50.0
Michigan	53	57	10	55	16.9	19.0	18.0
Missouri	9	8	5	13	27.0	24.0	32.0
New Jersey	85	90	75	97	31.9	29.8	32.9
New York	14	9	7	12	26.2	29.6	25.1
North Carolina	12	35	33	37	19.6	20.1	22.4
Ohio	7	7	1/	8	38.0	35.5	1/
Oklahoma	5	20	25	27	45.6	35.2	29.5
Oregon	15	14	16	12	32.2	24.1	29.8
Pennsylvania	90	100	1/	90	22.3	21.0	1/
South Carolina	190	220	250	255	20.5	16.7	18.8
Tennessee	4	10	2	11	35.4	38.0	40.4
Texas	27	25	20	24	37.0	36.0	39.0
Utah	7	6	7	7	22.0	24.0	23.0
Virginia	25	28	12	26	16.8	16.0	22.6
Washington	52	47	41	45	20.6	21.6	21.8
West Virginia	20	18	1/	20	15.5	14.7	1/
United States	2,672	2,660	2,507	2,493	15.2	16.0	13.3

1/ No significant commercial production due to frost damage.

Source: National Agricultural Statistics Service, USDA.

Table 10--Apricots and nectarines: Total production and season-average price received by growers, 1991-94, and indicated 1995 production

Item and State	Production					Price		
	1991	1992	1993	1994	1995	1992	1993	1994
--- Million pounds ---					--- Cents per pound ---			
Apricots--								
California	180.0	198.0	178.0	300.0	120.0	18.7	16.4	18.2
Utah	0.2	1.2	0.5	0.8	1/	41.0	31.0	26.3
Washington	11.4	13.6	16.2	15.6	15.0	44.8	37.3	38.8
United States	191.6	212.8	194.7	316.4	135.0	20.4	17.8	19.9
Nectarines--								
California	430	472	410	484	na	20.1	15.6	25.0

na = Not available.

1/ No significant production due to frost damage.

Source: National Agricultural Statistics Service, USDA.

Table 11--Plums and prunes: Production and season-average price received by growers in principal States, 1992-94, and indicated 1995

State	Production				Price		
	1992	1993	1994	1995	1992	1993	1994
--- Million pounds ---				--- Cents per pound ---			
California:							
Plums	500	370	492	na	12.6	25.4	16.1
Prunes (fresh basis)	1,068	750	1,188	1,119	17.8	18.7	16.4
Total California	1,568	1,120	1,680	na			
Prunes (dried basis)	368	242	386	370	51.5	56.0	50.5
Prunes and plums:							
Idaho	9	14	9	6	13.3	8.1	19.4
Michigan	18	14	12	17	13.2	12.2	8.3
Oregon	40	9	38	13	8.0	8.3	7.1
Washington	22	19	17	14	8.1	7.9	7.5
Total 4 States	89	56	76	50	9.6	9.2	8.8
United States	1,657	1,176	1,756	na			

na = Not available.

Source: National Agricultural Statistics Service, USDA.

Strawberry Production Down in 1995

Excessive rain in California and Oregon brought U.S. strawberry production down 7 percent from record-high output in 1994. Prices and imports are up, along with frozen strawberry supplies.

Rains Extinguish Output Gains

Although California growers had a few hundred more acres of strawberries to harvest in 1995 than a year earlier, yields were off 9 percent. Yields per acre were unusually high in 1994, but excessive rain also contributed to the decline. Several rainstorms in March destroyed some fields in the major-producing areas of Monterey and Santa Cruz counties and delayed harvest in other areas. Earlier in the year heavy rain disrupted strawberry shipments from southern areas, especially near Oxnard. The 1995 California strawberry crop is expected to be down 8 percent from the record-large 1994 crop.

Winter strawberry acreage in Florida rose to 6,000 acres, up 200 acres from 1994. Florida shipments of fresh-market strawberries began in November 1994, peaked in March 1995, and were finished by May. Although California ships fresh strawberries every month, April and May are usually the peak shipping months. However, rain delayed the 1995 harvest and June shipments were higher. Oregon strawberries were mostly harvested in June and processed (frozen). Rains in mid-June caused higher than normal field rot in some areas of Oregon and output was down 15 percent from 1994.

Ample Frozen Strawberry Stocks

Stocks of frozen strawberries were high at the beginning of the year and have remained above the year earlier. One-third of California's record-large crop was frozen in 1994 and 90 percent of Oregon's. The total U.S. frozen pack reached 484 million pounds (processed weight), up 7 percent from the

prior year. Although stocks declined from the July peak of nearly 344 million pounds to 245 million pounds by the end of 1994, they were 14 percent higher than the year earlier. In spite of strong exports and delayed harvest, frozen strawberry stocks were still 5 percent above the year earlier on May 31, 1995.

Deliveries of strawberries to processors were slow early in the season. By June 30, 1995, deliveries of grade-1 freezer berries were down 13 percent from the same time in 1994. Oregon deliveries were down 12 percent and California's were off 8 percent. After falling short of year-earlier levels in April and May, California deliveries picked up in mid-June and continued strong into July. By July 22, season-to-date deliveries of California strawberries to freezers had caught up to the year earlier, only to drop off sharply in the following weeks. Total deliveries to processors in 1995 will likely be down from the year earlier and the frozen pack will be smaller.

Higher Prices Prevail

Demand has been strong for fresh and frozen strawberries and, despite the record-large California crop in 1994, grower prices rose. In 1994, the average price received by U.S. growers for fresh-market strawberries was 60.2 cents a pound, up from 54.1 cents in 1993. Grower prices for all processed strawberries averaged 29.1 cents in 1994 compared to 28.4 cents the year earlier. Expectations of a smaller crop and rain-delayed picking in 1995 raised January-through-July prices for fresh strawberries nearly 15 percent from the year earlier. In contrast, processing prices are likely to average lower this year due to large carryover stocks of frozen strawberries.

More Trade with Mexico

Mexico had a large 1994/95 strawberry crop and exports to the United States rose. Shipments of fresh-market strawberries from Mexico in the United States totaled 52 million pounds from January through June 1995, compared to 41 million during the same period of 1994. The delayed harvest in California, devaluation of the peso, and lower tariffs under the NAFTA also contributed to the surge of strawberry exports from Mexico to the United States. U.S. frozen strawberry imports were nearly 50 percent higher during the first 5 months of 1995 than in 1994, while imports of fresh strawberries were up by one-third.

Strawberry exports were booming in 1994, when fresh exports rose 24 percent and frozen exports rose 56 percent from the year earlier. Although U.S. exports of fresh strawberries in January-May 1995 were off 18 percent from the prior year, exports of frozen strawberries were 42 percent higher. Canada is the main destination for U.S. fresh strawberry exports,

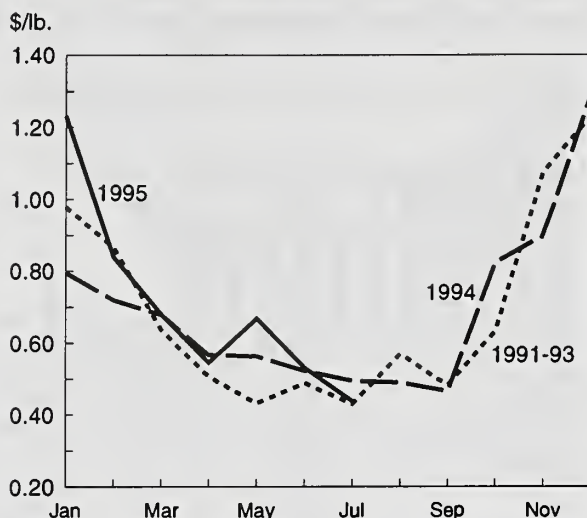
Table 12--U.S. strawberry production, major states, 1991-95

State	1991	1992	1993	1994	1995
Million pounds					
Arkansas	0.8	0.6	0.7	0.5	na
California	1,097.2	1,032.0	1,137.5	1,304.8	1,203.6
Florida	132.0	141.0	137.7	168.2	168.0
Louisiana	5.5	12.0	11.0	15.4	na
Michigan	13.0	13.2	11.4	9.9	10.8
New Jersey	1.9	2.5	1.8	1.4	2.0
New York	19.0	10.8	22.8	10.4	na
North Carolina	12.1	12.7	10.8	15.6	na
Ohio	5.3	7.1	5.8	6.1	na
Oregon	61.6	61.0	62.0	70.2	59.9
Pennsylvania	6.1	5.9	5.4	6.3	na
Washington	8.4	11.2	11.2	11.2	9.8
Wisconsin	6.0	5.4	5.7	6.1	na
U.S. total	1,369	1,315	1,424	1,626	

na = Not available.

Source: National Agricultural Statistics Service, USDA.

Figure 11

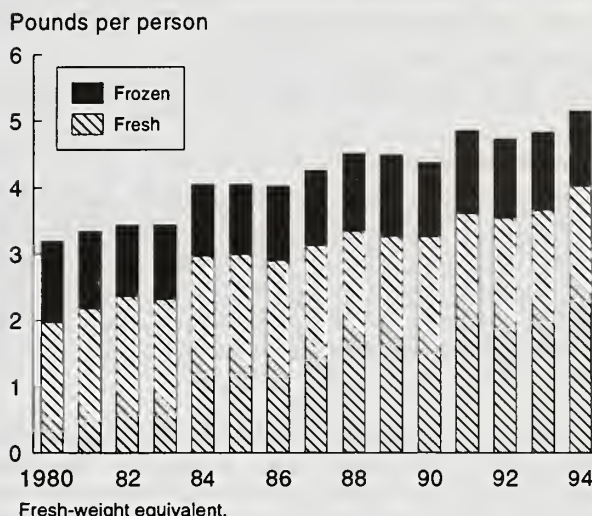
U.S. Grower Prices for Fresh Strawberries

followed by Mexico, Japan, and the United Kingdom. Japan receives the most frozen strawberries. U.S. exports to Mexico nearly doubled in 1994, aided by the large California crop and lower tariffs under NAFTA.

Another Consumption Gain

U.S. strawberry consumption set a new record during 1994, topping 5 pounds per person. Americans consumed an average 4.00 pounds of fresh strawberries and 1.12 pounds (fresh-

Figure 12

U.S. Strawberry Consumption

weight equivalent) of frozen strawberries (1.26 pounds, processed weight). Fresh use of the U.S. crop reached an all-time high in 1994 and, although exports were also record high, total U.S. consumption of fresh strawberries was more than 1 billion pounds. The industry reported an increased frozen pack in 1994 and, although exports rose, domestic consumption did not, leaving ending stocks higher. Total and per-capita consumption of frozen strawberries declined 3-4 percent in 1994.

Table 13—Fresh strawberry shipments in the United States, monthly, by source, 1990-95

Source/year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
Million pounds													
California													
1990	9.1	16.0	35.0	150.5	172.8	99.6	83.4	57.7	34.8	24.8	11.5	5.6	700.8
1991	2.7	14.8	33.2	163.4	172.7	133.8	95.0	68.3	57.6	38.2	12.1	3.7	795.5
1992	6.7	16.9	52.1	187.5	175.5	102.5	85.7	49.5	47.2	33.8	5.2	1.5	764.1
1993	3.5	11.6	61.4	149.3	158.6	123.2	93.0	69.0	64.9	31.9	46.2	1.2	813.8
1994	13.7	20.1	68.7	172.8	177.3	138.7	108.3	90.4	69.8	40.6	8.2	0.8	909.4
1995	0.5	14.6	53.9	143.3	140.1	166.2							
Florida													
1990	4.2	13.8	21.4	4.0	0.3	--	--	--	--	--	0.5	8.3	52.5
1991	9.6	11.3	23.2	3.2	0.1	--	--	--	--	--	0.4	6.2	54.0
1992	8.4	16.1	26.4	8.3	0.3	--	--	--	--	--	0.4	4.1	64.0
1993	10.5	8.5	24.7	7.4	2.5	--	--	--	--	--	0.3	4.0	57.9
1994	7.5	13.2	33.2	4.1	--	--	--	--	--	--	0.4	3.0	61.4
1995	4.0	4.4	23.4	3.3	--	--	--	--	--	--			
Mexico													
1990	2.7	2.5	6.4	8.6	3.4	1.6	--	--	--	--	0.9	1.4	27.5
1991	3.1	5.4	4.3	5.2	3.9	3.1	0.5	--	--	--	1.3	2.1	28.9
1992	1.8	2.1	5.3	4.8	1.9	0.7	0.1	--	--	--	0.7	1.8	19.2
1993	2.3	2.3	9.0	5.6	4.7	2.2	--	--	--	--	0.3	1.6	28.0
1994	3.2	3.4	11.6	12.8	5.5	4.5	0.2	--	--	0.1	0.8	1.9	44.0
1995	2.7	5.2	13.5	10.6	10.3	9.8							
Total													
1990	16.0	32.3	62.8	163.1	176.5	101.2	83.4	57.7	34.8	24.8	12.9	15.3	780.8
1991	15.4	31.5	60.7	171.8	176.7	136.9	95.5	68.3	57.6	38.2	13.8	12.0	878.4
1992	16.9	35.1	83.8	200.6	177.7	103.2	85.8	49.5	47.2	33.8	6.3	7.4	847.3
1993	16.3	22.4	95.1	162.3	165.8	125.4	93.0	69.0	64.9	31.9	46.8	6.8	899.7
1994	24.4	36.7	113.5	189.7	182.8	143.2	108.5	90.4	69.8	40.7	9.4	5.7	1014.8
1995	7.2	24.2	90.8	157.2	150.4	176.0							

-- = No shipments reported.

Source: Agricultural Marketing Service, USDA.

Blueberry Production Rebounds

U.S. blueberry production is expected to be up 25 percent in 1995, due mainly to large crops in Michigan and Maine. Plentiful supplies of fresh and frozen blueberries put downward pressure on prices.

Fresh Blueberries

Good crops in most of the major blueberry-producing States provided ample fresh-market blueberries all through the summer of 1995. And given the projected total size of the crop, U.S. blueberry prices are likely to average lower in 1995. Reduced production in 1994 pushed the average price paid to growers for fresh blueberries up to 90 cents a pound from 88 cents in 1993.

New Jersey is the main source of fresh blueberries, providing one-third of U.S. fresh-market use in 1992-94. The largest crop in 3 years is anticipated in 1995 and two-thirds of New Jersey blueberries are typically fresh marketed. A much larger crop is expected in Michigan, which recently provided nearly one-fourth of U.S. fresh-use blueberries, although most Michigan blueberries are processed.

Processing Blueberries

Frozen blueberry supplies would be rebuilt by the large crops processors are expecting in Maine and Michigan. Virtually all of Maine's wild lowbush blueberries are usually frozen and the crop was projected to jump from less than 60 million pounds last year to 75 million pounds in 1995. However, a dry summer in Maine has likely reduced crop prospects. In Michigan, processors anticipated a record-large blueberry

Table 14--North American blueberry production, 1992-95

State or Province	1992	1993	1994	1995F
Million pounds				
Cultivated:				
Michigan 1/	36.5	90.0	49.8	89.0
New Jersey	24.0	32.5	32.5	37.0
British Columbia	30.1	18.3	23.0	25.0
Oregon	15.5	14.5	17.5	14.5
North Carolina	10.6	15.0	15.0	14.0
Washington	8.2	6.7	9.0	7.0
Georgia	12.0	6.0	9.0	9.0
Other	6.3	5.6	6.8	6.5
Total	143.2	188.6	162.6	202.0
U.S.	113.1	170.3	139.6	176.0
Wild:				
Maine	84.2	64.6	59.5	75.0
Nova Scotia	33.2	30.9	27.2	25.0
Quebec	7.5	23.3	16.0	20.0
New Brunswick	9.3	7.2	10.3	8.0
Newfoundland and Prince Edward Island	2.5	2.8	4.0	2.0
Total	136.7	128.8	117.0	130.0
Total U.S.	197.3	234.9	199.1	251.0

F = Forecast from the Michigan Frozen Food Packers Association.
1/ Includes Indiana.

Sources: National Agricultural Statistical Service, USDA
and the North American Blueberry Council (Maine and Canada).

Table 15--Blueberry prices received by growers, 1992-94

Use and state	1992	1993	1994
Cents per pound			
All Uses:			
Michigan	79.7	39.8	53.6
New Jersey	94.9	79.4	73.7
North Carolina	90.0	89.0	92.5
Oregon	77.5	54.8	51.8
Washington	70.7	50.7	48.2
U.S. Average	84.5	55.6	66.2
Fresh:			
Michigan	115.0	75.0	74.0
New Jersey	104.0	87.0	86.0
North Carolina	107.0	109.0	105.0
Oregon	108.0	80.5	73.0
Washington	92.0	78.0	62.0
U.S. Average	110.0	87.9	90.0
Processed:			
Michigan	65.0	30.0	44.0
New Jersey	83.0	55.0	49.0
North Carolina	47.1	34.1	42.6
Oregon	34.0	34.0	65.0
Washington	64.0	39.0	42.0
U.S. Average	67.0	32.7	42.8

Source: National Agricultural Statistical Service, USDA.

crop of 89 million pounds, nearly 90 percent larger than the freeze-reduced 1994 crop. USDA estimated nearly 70 percent of Michigan's 1994 crop was processed.

Increased production in Michigan, Maine, and some of the Canadian Provinces will put downward pressure on processed blueberry prices. However, stocks were drawn down in 1994 and continued strong export demand for frozen blueberries will prevent a precipitous price drop in 1995. USDA reported about 32 million pounds of frozen blueberries in U.S. cold storage facilities on June 30, 1995, down 23 percent from the year earlier. And, during January-May 1995, frozen blueberry exports were 50 percent higher than in the same months in 1994.

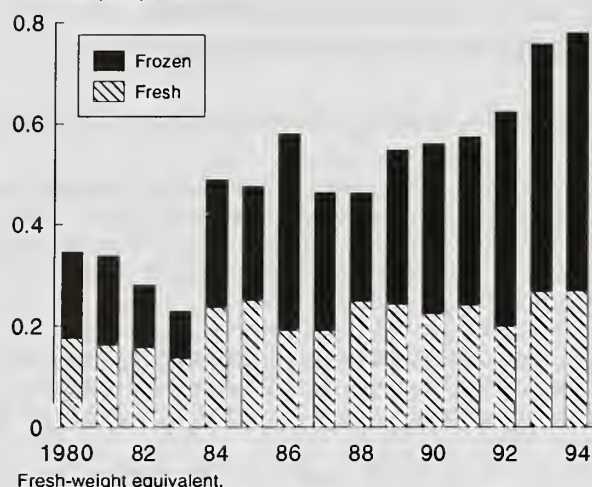
Blueberry Consumption Stable

Americans consumed about three-quarters of a pound of blueberries per person in 1994, composed of 0.49 pounds of frozen berries and 0.27 pounds of fresh. Per capita consumption of fresh blueberries stayed at the record-high attained in 1993 while frozen consumption rose from 0.47 pounds. Relatively high beginning stocks and increased imports in 1994 kept U.S. supplies of frozen blueberries from declining more than 4 percent when the commercial pack dropped 20 percent, to 110 million pounds. Frozen blueberry imports swelled by

Figure 13

U.S. Blueberry Consumption

Pounds per person



more than 60 percent in 1994, to 20.6 million pounds. At the same time, U.S. imports of fresh blueberries increased 7 percent, to 19.1 million pounds. Canada is the source of nearly all blueberries imported by the United States.

Tighter supplies reduced U.S. blueberry exports in 1994. Fresh-market blueberry exports were off 6 percent from the year earlier, to 17.4 million pounds. Shipments to Canada declined 8 percent, but still amounted to 90 percent of U.S. fresh blueberry exports, while shipments to Switzerland and Germany increased. Frozen exports were down 7 percent, to 16 million pounds in 1994. Shipments to Germany, the main destination of U.S. frozen blueberry exports in 1993, dropped sharply in 1994 while U.S. exports to Canada, the Netherlands, and Japan increased. A large crop in 1995 will provide more blueberries for export.

Table 16--U.S. blueberry shipments, monthly, 1990-95

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Million pounds													
All 1/													
1990	0.3	0.1	0.1	0.1	4.5	5.2	17.4	20.1	4.1	--	--	0.1	52.0
1991	0.2	0.1	0.1	--	4.2	11.1	21.2	21.9	1.9	--	--	--	60.7
1992	0.2	0.2	0.1	0.1	1.1	6.8	16.5	20.3	3.5	1.0	0.8	0.2	50.8
1993	0.3	0.1	--	--	1.5	12.2	22.9	25.6	3.2	--	--	0.2	66.0
1994	0.3	0.3	0.1	0.0	6.7	12.5	24.7	23.6	1.7	0.1	--	0.2	70.2
1995	0.4	0.1	0.1	0.2	3.6	--	--	--	--	--	--	--	--
Florida													
1990	--	--	--	0.1	1.0	0.2	--	--	--	--	--	--	1.3
1991	--	--	--	--	0.3	0.2	--	--	--	--	--	--	0.5
1992	--	--	--	0.1	0.6	0.2	--	--	--	--	--	--	0.9
1993	--	--	--	--	0.1	--	--	--	--	--	--	--	0.1
1994	--	--	--	--	0.9	--	--	--	--	--	--	--	0.9
1995	--	--	--	0.2	1.1	--	--	--	--	--	--	--	--
North Carolina													
1990	--	--	--	--	3.5	1.4	--	--	--	--	--	--	4.9
1991	--	--	--	--	3.9	3.5	--	--	--	--	--	--	7.4
1992	--	--	--	--	0.5	6.1	0.1	--	--	--	--	--	6.7
1993	--	--	--	--	1.4	8.8	0.8	--	--	--	--	--	11.0
1994	--	--	--	--	5.8	7.6	0.5	--	--	--	--	--	13.9
1995	--	--	--	--	2.5	4.9	--	--	--	--	--	--	--
New Jersey													
1990	--	--	--	--	--	3.5	12.0	0.4	--	--	--	--	15.9
1991	--	--	--	--	--	6.6	13.8	0.4	--	--	--	--	20.8
1992	--	--	--	--	--	0.4	10.1	2.5	--	--	--	--	13.0
1993	--	--	--	--	--	3.4	15.2	2.1	--	--	--	--	20.7
1994	--	--	--	--	--	4.9	15.1	1.1	--	--	--	--	21.1
1995	--	--	--	--	--	5.5	--	--	--	--	--	--	--
Michigan													
1990	--	--	--	--	--	--	5.3	7.1	0.7	--	--	--	13.1
1991	--	--	--	--	--	0.8	7.3	3.2	0.1	--	--	--	11.4
1992	--	--	--	--	--	--	2.2	5.7	1.9	0.1	--	--	9.9
1993	--	--	--	--	--	--	6.0	10.9	1.7	--	--	--	18.6
1994	--	--	--	--	--	--	6.6	7.2	1.4	--	--	--	15.2
1995	--	--	--	--	--	--	--	--	--	--	--	--	--

-- = No shipments reported.

1/ Includes imports from Canada, Chile, and New Zealand.

Source: Agricultural Marketing Service, USDA.

California Kiwifruit Curtailed

California kiwifruit production declined for a second year in 1994 and grower prices increased by one-third. U.S. consumption dipped slightly as more kiwi imports did not quite compensate for reduced California shipments.

Fewer Kiwi Shipped in 1994

California kiwifruit production declined 6 percent in 1993 and 20 percent in 1994. Kiwifruit is harvested in October and November and marketed through the following May. The U.S. kiwifruit industry is centered in northern California and USDA does not report production in any other State. The U.S. supply of kiwifruit was down in 1994 (January-December) and consumption dipped to 0.50 pounds per person from 0.53 pounds in 1993. Imports of kiwifruit rose 14 percent and California shipments declined 13 percent in 1994.

Although California output has more than doubled since 1985 and imports have declined, the United States is still a net importer of kiwifruit—in 1994 nearly 63 million pounds were imported and 21 million pounds exported. Imports provided about 40 percent of 1994 supplies, compared to 50 percent in 1990. Chile replaced New Zealand as the main source of

kiwi imports in 1992 after the United States imposed anti-dumping duties on New Zealand kiwifruit. Chile's share of U.S. kiwi imports rose from 11 percent in 1991 to 87 percent in 1994, while imports from New Zealand dropped to 10 percent in 1994.

Italy, New Zealand, Chile, France, Japan, and Greece produce more kiwifruit than the United States. Italy, the leading producer and exporter, supplies most of the European market at the same time California kiwi is available. New Zealand ships kiwifruit to Europe and Japan from May through October, during the Northern Hemisphere off-season, when the United States is the main destination for Chilean kiwifruit.

Exports of U.S. kiwifruit declined from 1989 through 1992 in the face of rising production and exports from Italy and France. However, the relatively large 1992 and 1993 California crops brought lower prices and boosted kiwifruit exports in 1993 and 1994. Exports accounted for 14 percent of the U.S. supply and 23 percent of California shipments in 1994.

Figure 14

U.S. Fresh Kiwifruit Supply

Million lbs.

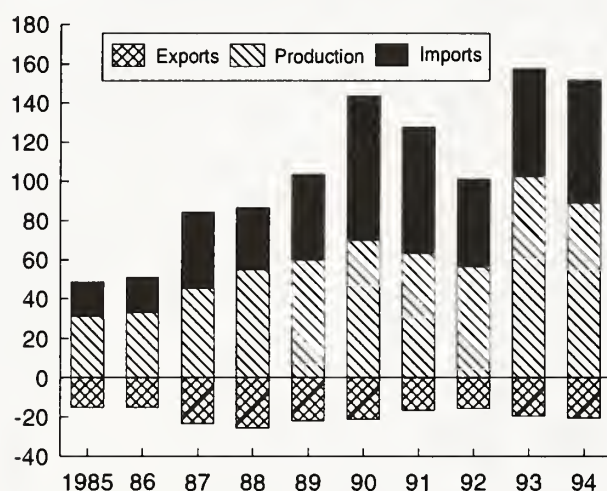


Table 17--California kiwifruit: Acreage, production, and value, 1990-94

Year	Bearing acreage	Total production	Price 1/ Cents per pound	Value 2/ 1,000 dollars
	Acres	Million pounds		
1990	7,300	78.0	20.8	14,110
1991	7,300	59.2	41.0	21,976
1992	7,300	104.6	14.5	13,833
1993	7,200	98.4	18.5	16,502
1994	6,900	78.8	24.6	18,413

1/ Season-average grower price. 2/ Value is based on utilized production.

Source: National Agricultural Statistics Service, USDA.

Kiwifruit Exports Decline with Output

California produced 78.8 million pounds of kiwifruit in the fall of 1994, 20 percent less than the year before and down 25 percent from the record-large 1992 crop. Low prices following the 1992 and 1993 harvests encouraged growers to pull vines, so bearing area dropped 400 acres between 1992 and 1994. The smaller crop brought average grower prices up 33 percent to 24.6 cents a pound and the value of production rose 12 percent to \$18.4 million.

The California Kiwifruit Commission reported total 1994/95 shipments down 13 percent from 1993/94. Domestic and export shipments declined by nearly the same percentages, 13-14 percent. Exports to Korea increased 25 percent from the year before, but shipments to Canada, Taiwan, Mexico, and Japan were down. Canada and Korea were the major export destinations for U.S. kiwifruit in 1994/95, accounting for 34 and 30 percent of exports, respectively, while Taiwan was third with 20 percent.

Table 18--U.S. imports of fresh kiwifruit, by country, 1990-94

Source	1990	1991	1992	1993	1994
	1,000 pounds				
Chile	1,382	6,828	27,141	42,871	54,778
New Zealand	72,168	56,533	16,435	10,542	6,360
Italy	148	505	1,036	1,863	1,550
Other countries	0	71	0	2	91
World	73,698	63,936	44,613	55,279	62,779

Source: Bureau of the Census, U.S. Department of Commerce.

Banana Imports and Consumption Up

U.S. banana imports topped 8 billion pounds in 1994 and continued to outpace the previous year early in 1995. Consumption increased to 28 pounds a person.

Banana Popularity Grows

U.S. banana consumption increased more than a pound per person in 1994, climbing to 28.0 pounds from 26.8 pounds in 1993. Bananas remained the most popular fresh-market fruit consumed in the United States, trailed by apples (nearly 20 pounds per person) and oranges (about 15 pounds per person). Continued high tariffs on Latin American bananas in European markets brought more to the United States, where banana imports were record-high in 1994. [See the accompanying special article about the effects of the EU banana policy on the U.S. market.]

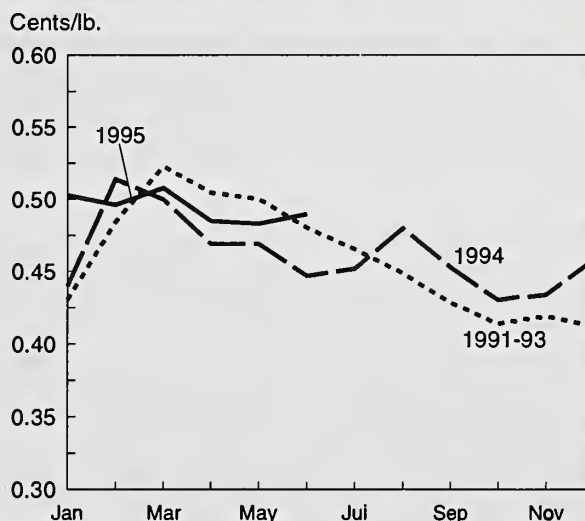
Almost all of the U.S. banana supply is imported from Central and South America. Hawaiian production increased to 13.7 million pounds in 1994, while U.S. imports totaled 8.144 billion pounds. Costa Rica was the main source of U.S. banana imports for the third year, providing 27 percent, while Ecuador provided 21 percent, followed by Colombia, Honduras, and Guatemala. From January through May 1995, 4.4 percent more bananas were imported to the United States than during the same period the prior year.

Banana Price Drop Stops

Banana prices have shown some signs of recovery from a 2-year slump. Banana prices are usually highest between February and May, drop as U.S. summer fruit becomes available, and remain seasonally low from August until January.

Figure 15

Bananas: Consumer Price



From January through June 1995, retail prices averaged 49.4 cents a pound, up from 47.3 cents during the same period in 1994. And during all of 1994, retail banana prices averaged 46.2 cents a pound, compared to 43.9 cents in 1993, and 45.8 cents in 1992. More limited stonefruit, apple, and pear supplies will help support banana prices during the rest of 1995.

Table 19--U.S. imports of bananas, excluding plantains, by country, 1987-94

Year	Costa Rica	Ecuador	Colombia	Honduras	Guatemala	Mexico	Other	World
Million pounds								
1987	1,215.1	1,587.3	1,085.4	1,303.1	528.5	183.2	590.8	6,493.4
1988	1,312.0	1,669.6	985.1	1,339.7	467.3	182.1	380.0	6,335.9
1989	1,404.6	1,873.1	939.7	1,216.3	535.2	208.5	260.3	6,437.6
1990	1,260.1	2,518.0	787.7	1,070.6	733.5	334.7	116.8	6,821.4
1991	1,513.1	2,458.1	1,000.8	917.8	649.8	475.0	104.2	7,118.8
1992	2,104.3	1,975.9	917.2	905.4	842.8	873.1	166.3	7,785.0
1993	2,033.8	1,678.5	1,314.7	940.6	832.9	679.8	264.9	7,745.1
1994	2,154.1	1,732.6	1,387.8	1,096.2	969.9	422.6	380.5	8,143.8

Source: Foreign Agricultural Service, U.S. Department of Agriculture.

Record High Imports Boost Tropical Fruit Supplies

Mango imports from Mexico pushed U.S. consumption to a record high. Florida's mango output increased, while Hawaii provided fewer pineapples and papayas.

Florida's Mango Production Doubles

Florida harvested 5.5 million pounds of mangoes in 1994, twice the 1993 output, but still only one-fourth of the pre-hurricane level. Increased mango production reflects partial recovery from Hurricane Andrew and was due to higher yields per tree and a few more trees. Higher output pushed the average grower price to 27.3 cents a pound in 1994, down 21 percent from the prior year, but well above the 1989-92 average.

Mango production will continue to increase in Florida over the next several years, as bearing acreage slowly recovers from the damage done by Hurricane Andrew in August 1992, after the crop was harvested. Mango production in 1994 was 75 percent less than in 1992, bearing acreage was down about one-third, and the number of bearing trees was down 63 percent. Florida had 300 more acres of mango trees in 1994, mostly in Dade County where the most serious damage from Hurricane Andrew occurred. Although the number of bearing-age (5-year-old) trees increased by 2,000 to 151,000 trees, most of the additional area was nonbearing.

Florida's mango-producing area was not affected by Hurricane Erin, which struck central Florida August 2, 1995. Mango production is concentrated in the southern portion of the State.

Another Import and Consumption Record

Record-high mango imports during 1994 compensated for relatively low domestic production and raised domestic consumption to a new record. U.S. mango imports were up 11 percent from 1993 and 62 percent from 1992. Imports accounted for 98 percent of total U.S. mango supplies in 1994

Table 20--U.S. imports of fresh mangoes, by country, 1990-94

Country	1990	1991	1992	1993	1994
1,000 pounds					
Mexico	112,290	168,612	151,083	211,136	238,948
Peru	0	481	6,698	6,063	7,602
Venezuela	0	1,638	5,831	6,259	6,118
Haiti	17,211	29,923	611	18,442	6,045
Guatemala	0	33	0	1,393	5,238
Brazil	370	2,282	3,772	6,973	4,859
Ecuador	0	291	822	730	1,933
Leeward & Windward Islands	44	24	75	161	97
Dominican Republic	201	335	183	302	53
Costa Rica	0	37	49	82	33
Other countries	223	368	115	157	448
World	130,339	204,024	169,238	251,697	271,374

Source: Bureau of the Census, U.S. Department of Commerce.

and consumption of mangoes rose from 0.90 pounds per person in 1993 to 0.98 pounds in 1994.

Mexico remains the major supplier of mangoes to the United States, accounting for 88 percent of 1994 imports. Shipments from Mexico during 1994 reached 238.9 million pounds, 13 percent above the year before. Peru, Venezuela, Haiti, Guatemala, Brazil, and Ecuador each exported at least a million pounds of mangoes to the United States.

U.S. mango imports are likely to increase in 1995, putting downward pressure on wholesale prices. Mexico is expected to produce a large mango crop in 1995, as in 1994. However, more of the 1995 supply is reportedly of export quality than the prior year. The cost of Mexican mangoes is down because the dollar is strong relative to the peso. U.S. mango imports between January and May 1995 were 29 percent higher than at the same time in 1994 and the average value was 38.9 cents a pound, 9 percent below the year earlier. The Mexican shipping season is usually from February to August, with peak shipments to the United States in July.

Papaya Imports Boost Consumption

Increased papaya imports, mainly from Mexico, raised fresh papaya consumption to 0.30 pounds per person in 1994, 7 percent above 1993. Growth of imports more than compensated for a dip in Hawaiian production. Imports accounted for 42 percent of U.S. fresh papaya supplies in 1994, compared with 35 percent in 1993. Total imports increased to 41.2 million pounds in 1994, up 32 percent from the year before.

Mexico is the leading foreign supplier of fresh papayas to the United States, providing nearly 33 million pounds in 1994, about 80 percent of total U.S. papaya imports. Despite a slightly smaller Hawaiian crop, U.S. exports of fresh papayas

Figure 16

U.S. Fresh Mango Supply

Million lbs.

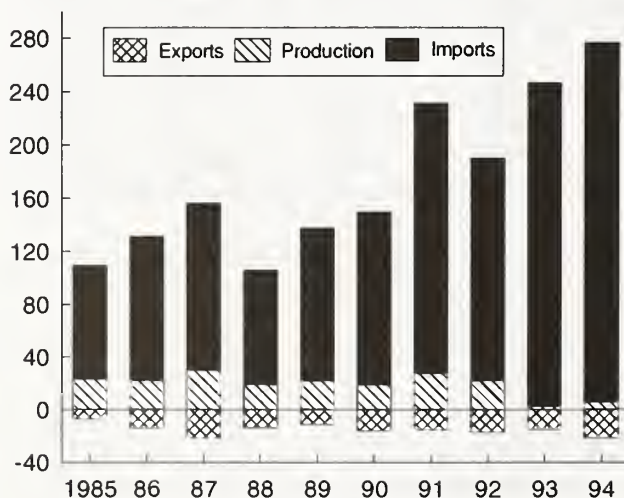


Table 21--U.S. imports of fresh papayas, by country, 1990-94

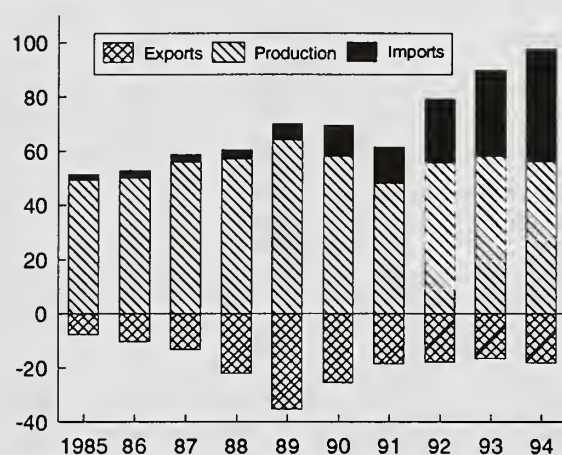
Country	1990	1991	1992	1993	1994
1,000 pounds					
Mexico	6,522	8,927	18,615	21,533	32,997
Belize	873	82	1,347	4,297	3,962
Jamaica	96	720	2,324	4,509	2,588
Costa Rica		0	4	11	796
Dominican Republic	82	521	768	683	783
Haiti	0	0	0	250	18
Thailand	280	111	35	10	13
Bahamas	3,631	2,969	0	0	0
Other countries	0	49	0	8	19
World	11,483	13,378	23,094	31,301	41,176

Source: Bureau of the Census, U.S. Department of Commerce.

Figure 17

U.S. Fresh Papaya Supply

Million lbs.



increased to 18.3 million pounds in 1994, up about 10 percent from the prior year and the highest since 1991.

Hawaii produced 62 million pounds of papaya in 1994, down nearly 3 percent from the prior year. The decline in utilized output reflects a 14-percent decrease in harvested acres. Fresh use accounted for 91 percent of all utilized production in 1994 and amounted to 56.2 million pounds, 2 million less than in 1993. Processed utilization rose to 5.8 million pounds, but was well-below the all-time high of 15.5 million pounds in 1992.

Papaya production will likely continue to decline, resulting in higher grower prices. During the first 6 months of 1995, harvested acreage averaged 7 percent higher but yields were lower and Hawaiian production was 21 percent less than the same period a year ago. Lower per-acre yields were attributed to the continuing spread of the papaya ringspot virus and variable weather. Some dry periods in January, February, and March affected yields because most of the papaya-growing areas are not irrigated. Grower prices for fresh-market papaya

averaged 33.7 cents a pound from January through March, 27 percent higher than a year earlier.

More fresh papaya imports are expected to offset some of the declines in domestic production during 1995. Imports have consistently increased over the last 7 years and have accounted for an increasing share of total papaya supplies. January through May imports were already 93 percent higher than the same period in 1994.

U.S. Pineapple Production Continues To Decline

Hawaiian pineapple production declined for the seventh consecutive year in 1994, totaling 730 million pounds, about 1 percent less than in 1993. Fresh use decreased from 270 million pounds in 1993 to 260 million pounds, while processed use remained unchanged at 470 million pounds. Hawaiian pineapple production will probably continue to slide in the face of increased industry pressure from rising production costs, foreign competition, a tight labor situation, and an oversupply of canned pineapple products.

Lower production pushed down the value of the 1994 Hawaiian pineapple crop to \$78.9 million, about 1 percent less than the year before. Acreage harvested increased by 300 acres from 22,000 acres in 1993, as former sugarcane lands became available for pineapple production. However, the Hawaii Department of Agriculture reported only 15 farms growing pineapple in 1994, down from 20 in 1993 and 21 in 1992.

The 1994 season-average grower price for pineapples was unchanged from 1993. Grower prices for fresh market pineapples averaged 2 percent higher, but a smaller proportion of the crop was used fresh. In addition, utilized production and the season-average price for processing pineapples remained unchanged from the year before.

U.S. fresh pineapple imports will continue to aid in meeting domestic supply needs. Lower domestic production in 1994 was augmented by 289.1 million pounds of imports, keeping U.S. supplies nearly unchanged from the prior year. Fresh

Table 22--U.S. imports of fresh and frozen pineapple, 1992-94

Source	1992	1993	1994
1,000 pounds			
Costa Rica	129,103	161,718	185,350
Honduras	69,344	58,857	63,977
Dominican Republic	55,570	38,610	23,393
Mexico	14,855	17,150	13,148
Thailand	4,266	5,977	6,777
Guatemala	849	681	750
Indonesia	82	518	419
Panama	0	57	298
Colombia	49	218	11
Hong Kong	154	851	0
Other countries	280	110	467
World	274,550	284,747	294,590

Source: Bureau of the Census, U.S. Department of Commerce.

pineapple consumption was 2.04 pounds per person in 1994, also about the same as in 1993.

Imports increased for the seventh consecutive year and reached an all-time high in 1994. From January through May 1995, imports were about 3 percent above a year ago. Exports, on the other hand, declined for the second consecutive year, to 12.8 million pounds in 1994, 12 percent below the prior year. Exports through May of 1995 were down nearly 8 percent from January-May 1994.

Costa Rica continues to be the major supplier of U.S. fresh-market pineapple imports. Duty-free status, established in the Caribbean Basin Initiative in 1983, encouraged more imports from Central American and Caribbean countries. In 1994, Costa Rica, the Dominican Republic, and Honduras were the main sources of U.S. fresh pineapple imports, accounting for 63 percent, 22 percent, and 8 percent, respectively. Mexico was the major source of fresh pineapple imports in the early 1980s but accounted for only 4 percent in 1994.

Imports of canned pineapple continue to represent a significant proportion of U.S. supplies (nearly 90 percent in 1994). The United States imported 740.1 million pounds of canned pineapple in 1994 and exported 8.3 million pounds. In addition, U.S. pineapple juice imports during the same year totaled 73 million gallons, while exports were only 2 million gallons. The three major suppliers of processed pineapple imports in 1994 were Thailand, the Philippines, and Indonesia, representing 91 percent of all canned pineapple imports and 92 percent of all pineapple juice imports.

Unlike fresh pineapples, imports and consumption of canned pineapple and pineapple juice in the United States came down in 1994. Juice imports dropped 18 percent and canned imports were off 3 percent. Pineapple juice consumption dropped 17 percent from 1993 to 0.35 gallons in 1994. Reduced supplies brought canned pineapple consumption down 3 percent, to 3.17 pounds per person.

Antidumping Investigation on Canned Pineapple Imports Concluded

On June 29, 1995, the U.S. International Trade Commission (ITC) made an affirmative final determination (under section 735(b) of the Tariff Act of 1930) that the domestic canned pineapple industry was materially injured by canned pineapple imports from Thailand being sold in the United States at less than "fair value". Thailand provided nearly half of all U.S. canned pineapple imports during the last 6 years.

This determination will lead to duties levied on canned pineapple imports from Thailand to raise the import price of this product to a fair value. The duties will be collected by the U.S. Customs Service under the direction of the U.S. Department of Commerce. The final dumping margins, announced by the International Trade Administration, U.S. Department of Commerce, will vary by company and range from 2.36 to 55.77 percent of the product value.

Table 23--U.S. imports of canned pineapple, 1992-94

Source	1992	1993	1994
1,000 pounds			
Thailand	384,953	379,243	339,953
Philippines	282,599	283,219	284,617
Indonesia	36,299	42,091	53,815
Japan	15,159	29,262	27,421
Malaysia	5,049	5,529	11,742
Singapore	5,470	6,773	5,199
Mexico	13,065	8,247	4,969
Costa Rica	2,652	295	3,770
Hong Kong	1,179	412	1,949
Honduras	201	1,032	875
Dominican Republic	187	2,013	518
Taiwan	485	840	104
Other countries	14,257	2,978	5,218
World	761,555	761,934	740,149

Source: Bureau of the Census, U.S. Department of Commerce.

Table 24--U.S. imports of pineapple juice, 1992-94

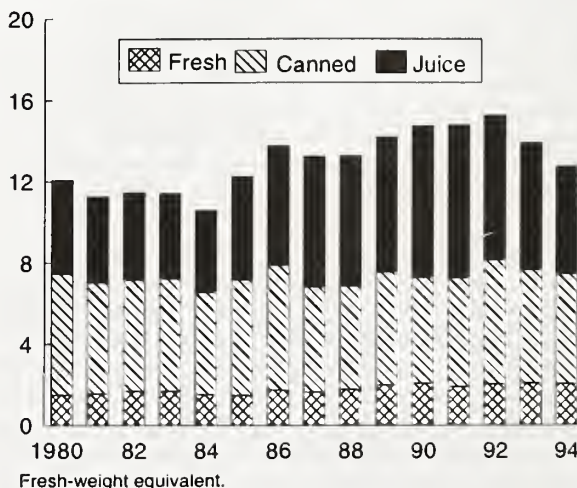
Source	1992	1993	1994
1,000 gallons			
Philippines	41,461	37,689	36,795
Thailand	35,363	41,768	27,121
Indonesia	288	871	3,423
Japan	3,417	2,536	2,500
Costa Rica	1,973	2,859	1,874
Dominican Republic	1,230	1,437	729
Honduras	1,142	984	112
Mexico	1,230	220	94
Brazil	299	79	52
Hong Kong	30	43	27
Other countries	1,461	515	486
World	87,895	89,000	73,213

Source: Bureau of the Census, U.S. Department of Commerce.

Figure 18

U.S. Pineapple Consumption

Pounds per person



Large Florida Citrus Crops Harvested in 1994/95

Favorable weather, maturing yields, and more bearing trees led to bumper orange and grapefruit crops in Florida. California citrus output was unchanged from the year before, while Arizona's dropped and Texas' rose.

The July forecast for U.S. citrus production in 1994/95 was nearly 16.1 million short tons, up 11 percent from last season and 3 percent less than the 1979/80 record. Favorable weather, an increased number of bearing-age trees, and higher per-acre yields of oranges and grapefruit in Florida contributed to the large citrus crops.

Excessive rainfall and harsh weather early in 1995 did not reduce California orange production, which is forecast nearly the same as last year. Meanwhile, Arizona's crop declined due to hot weather during last year's bloom and fruit set. Orange output in Texas surpassed Arizona for the first time since Texas suffered severe tree losses following a freeze in 1989. Large supplies pushed down grower prices for oranges in 1994/95.

Record grapefruit output in Florida coincided with larger crops in Texas and California and a smaller crop in Arizona. Ample supplies of fresh-market grapefruit resulted in generally lower prices during 1994/95.

Figure 19
U.S. Citrus Production

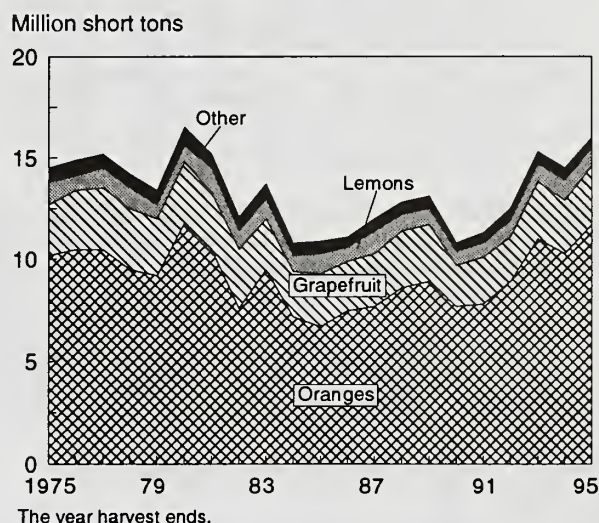


Table 25--Citrus fruit: Utilized production by crop and state, 1991/92-1994/95 1/

Crop and State	1991/92	1992/93	1993/94	1994/95	1991/92	1992/93	1993/94	1994/95
	-- 1,000 boxes 2/ --				-- 1,000 short tons --			
All oranges	209,610	255,760	239,250	270,500	8,909	10,992	10,281	11,690
Arizona	2,380	1,850	1,900	1,050	89	69	71	39
California	67,400	66,800	62,600	63,000	2,528	2,505	2,347	2,363
Florida	139,800	186,600	174,200	205,400	6,291	8,396	7,839	9,244
Texas	30	510	550	1,050	1	22	24	44
All grapefruit	55,265	68,375	64,900	70,800	2,224	2,791	2,655	2,902
Arizona	2,800	2,150	1,750	1,400	89	69	59	47
California	10,000	9,200	9,100	9,300	329	303	305	312
Florida	42,400	55,150	51,050	55,700	1,803	2,344	2,171	2,367
Texas	65	1,875	3,000	4,400	3	75	120	176
All lemons	20,200	24,800	25,900	24,100	766	942	984	916
Arizona	5,100	4,400	5,200	3,600	193	167	197	137
California	15,100	20,400	20,700	20,500	573	775	787	779
Limes:								
Florida	1,600	1,000	200	230	70	44	9	10
Tangelos:								
Florida	2,600	3,050	3,350	3,150	117	137	150	142
All tangerines	6,240	5,850	7,400	6,500	260	247	318	279
Arizona	1,200	950	1,000	650	45	35	37	24
California	2,440	2,100	2,300	2,300	92	79	86	86
Florida	2,600	2,800	4,100	3,550	123	133	195	169
Temples:								
Florida	2,350	2,500	2,250	2,550	106	113	102	115
K-early citrus:								
Florida	na	185	210	120	na	8	9	5
U.S. total citrus	--	--	--	--	12,452	15,274	14,508	16,059

-- = Not applicable. na = Not available.

1/ The crop year begins with bloom of the first year shown and ends with harvest.

2/ Net pounds per box: oranges-California and Arizona-75; Florida-90; Texas-85; grapefruit-California desert and Arizona-64 prior to 1993/94, then 67; California other areas-67; Florida-85; Texas-80; lemons-76; limes-88; tangerines-California and Arizona-75; Florida-95; tangelos, temples, and K-early-90.

Source: National Agricultural Statistics Service, USDA.

Plentiful Orange Juice Supply Sinks Grower Prices

A bountiful Florida orange harvest, a modest decline in Brazilian orange juice output, and stable U.S. demand for orange juice reduced grower prices for processing oranges in 1994/95.

U.S. orange juice production in 1994/95 is forecast at a record 1.27 billion single-strength gallons, up 13 percent from 1993/94. Florida harvested 205.4 million 90-pound boxes of oranges, up 18 percent from 1993/94 and the most since 1979/80. The all-orange Florida juice yield was 1.50 gallons (42 degrees Brix) per box, dropping 4 percent from last year's near record. About 95 percent of Florida's oranges were processed, up slightly from a year earlier. Monthly on-tree prices for processing oranges in Florida ranged from \$2.15-\$4.80 per 90-pound box in 1994/95, down about 15 percent from a year earlier and similar to 1992/93.

Ample supplies of low-priced Florida orange juice reduced U.S. imports, which are forecast down 44 percent in 1994/95 (beginning December), the lowest in 10 years. Also, relatively strong orange juice demand in Europe and a modest decline in Brazilian output kept the price (U.S. basis, including import duty) of Brazilian frozen concentrated orange juice (FCOJ) above the price of Florida product this season, reducing the incentive to import Brazilian FCOJ into the United States.

Domestic Consumption Stable, Exports Grow In 1994/95

The processing margin between the price of oranges and the price of bulk concentrate tends to widen when growers harvest a large crop. This market condition, combined with higher prices for imported product, led to only slightly lower FCOJ retail prices for most of the first half of 1994/95. Retail prices for all forms of orange juice from December to mid-June averaged the same as a year earlier.

With retail prices mostly flat in 1994/95, domestic consumption is forecast to tie last year's record 1.39 billion single-strength gallons. Meanwhile, orange juice exports advanced on lower prices and growing demand in Europe. Foreign

shipments are forecast at a record high 120 million gallons for 1994/95. Europe is the leading customer, accounting for almost half of U.S. exports this season.

Brazil FCOJ Output To Decline

USDA forecasts Brazil's FCOJ production and exports down about 10 percent in 1995/96 (beginning July) due to lower juice yields and increased diversion to the domestic fresh-fruit market. The processing season began about two months later than normal because the fruit matured later this year. The drought in 1994 delayed the bloom and fruit set for the 1995 crop. Limited Brazilian carryover supplies and declining inventories in Florida may help to firm world prices until Brazil's processing season gets fully underway in September.

Florida Growers Brace for Another Big Crop

The 1995/96 bloom was excellent in all areas of Florida, which raises the potential for a large crop. The number of bearing orange trees will increase from 70 million in 1994/95 to approximately 76 million in 1995/96. However, more important than tree numbers is the increase in yields as trees mature. Damage from Hurricane Erin, which passed through central Florida in August, was minimal.

Current industry forecasts for Florida's 1995/96 orange crop range from about 200 to 220 million boxes. The first USDA forecast will be released in October. If the Florida orange crop exceeds 200 boxes, U.S. orange juice production would be record high in 1995/96, signaling another year of low grower prices. However, a small decline in Brazilian FCOJ production, if met with continued strong demand in Europe, may leave the world supply and demand balance for orange juice relatively unchanged in 1995/96. Consequently, grower prices for processing oranges may not decline significantly from prices received in 1994/95.

Table 26--United States: Orange juice supply and utilization, 1985/86-1994/95

Season 1/	Beginning stocks	Production	Imports	Supply	Exports	Domestic consumption	Ending stocks 2/
Million SSE gallons 3/							
1985/86	249	683	546	1,479	71	1,204	204
1986/87	204	781	557	1,542	73	1,267	201
1987/88	201	907	416	1,524	90	1,223	212
1988/89	212	970	383	1,564	73	1,258	233
1989/90	233	652	492	1,377	90	1,062	225
1990/91	225	876	327	1,429	96	1,174	158
1991/92	158	930	286	1,374	108	1,097	168
1992/93	168	1,207	326	1,701	114	1,340	247
1993/94	247	1,116	400	1,763	107	1,387	269
1994/95f	269	1,266	225	1,760	120	1,385	255

f = Forecast.

1/ Season begins in December of the first year shown.

2/ Data may not add due to rounding.

3/ SSE = single-strength equivalent.

Source: Economic Research Service and Foreign Agricultural Service, USDA.

Table 27--Brazilian orange juice: Supply and utilization, 1985/86-1995/96

Season	Beginning stocks	Production	Exports	Domestic consumption	Ending stocks
1/					2/
-- Million SSE gallons 3/ --					
1985/86	62	1,230	987	21	284
1986/87	284	848	983	28	121
1987/88	121	998	1,038	28	53
1988/89	53	1,002	994	28	34
1989/90	34	1,476	1,348	28	134
1990/91	134	1,213	1,142	28	177
1991/92	177	1,334	1,390	25	96
1992/93	96	1,610	1,532	25	148
1993/94	148	1,565	1,546	25	141
1994/95	141	1,549	1,521	31	138
1995/96 ^f	138	1,406	1,364	42	138

f = Forecast.

1/ Season begins in July of the first year shown. 2/ Data may not add due to rounding. 3/ SEE = Single-strength equivalent.

Source: Foreign Agricultural Service, USDA.

Figure 20

Florida Oranges: Trees and Output

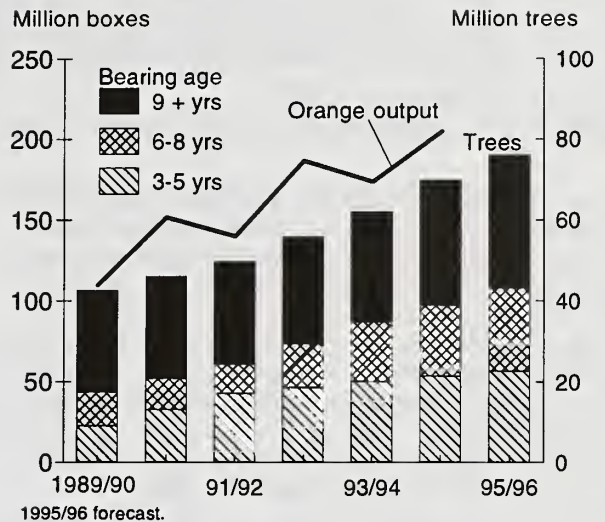


Table 28--Monthly prices for processed oranges and frozen concentrated orange juice, 1992/93-1994/95

Month	Processed oranges 1/			Near-term futures contract 2/			Retail frozen concentrate 3/		
	1992/93	1993/94	1994/95	1992/93	1993/94	1994/95	1992/93	1993/94	1994/95
	--\$ per 90-lb box--			--\$ per pound solids--			--\$ per 16 fl. oz. of product--		
December	3.20	3.10	2.45	0.945	1.067	1.094	1.700	1.672	1.549
January	3.15	3.80	2.90	0.792	1.099	1.048	1.677	1.674	1.583
February	3.05	4.10	3.10	0.703	1.059	1.032	1.753	1.648	1.609
March	3.50	4.12	3.70	0.816	1.094	1.011	1.619	1.665	1.629
April	4.05	5.05	4.40	0.937	1.032	1.058	1.627	1.662	1.632
May	4.05	5.35	4.80	1.046	0.954	1.046	1.572	1.600	1.632
June	3.95	5.05	4.50	1.144	0.925	1.012	1.587	1.598	1.620
July	--	--	--	1.211	0.916	0.936	1.558	1.640	
August	--	--	--	1.181	0.943		1.610	1.578	
September	--	--	--	1.253	0.909		1.626	1.594	
October	--	--	--	1.261	1.004		1.615	1.574	
November	2.45	2.15		1.055	1.104		1.643	1.550	
Simple Average 4/	3.49	4.13	3.50	1.029	1.000	1.030	1.632	1.633	1.608

-- = Not applicable.

1/ Equivalent on-tree price received by growers, Florida. One box contained 6.56 pounds of orange juice solids in 1992/93, 6.52 in 1993/94, and 6.23 in 1994/95.

2/ Average of Friday closing prices.

3/ 16 fluid ounces of 42 degrees Brix product contain 0.52 pounds of orange juice solids.

4/ 1994/95 averages calculated on available months. Average processed orange price is calculated November/June.

Sources: National Agricultural Statistics Service, USDA; New York Cotton Exchange; Bureau of Labor Statistics, U.S. Department of Labor.

Orange Prices Perk Up in 1995

A slightly smaller California-Arizona Valencia crop and reduced supplies of other fruit pushed up fresh-market orange prices earlier this summer. Strong export demand and rains that hampered California harvesting kept fresh-market navel orange prices firm in January and February 1995.

The U.S. orange crop is forecast at 11.7 million short tons in 1994/95, up 14 percent from the year earlier, and slightly under the 1979/80 record. More Florida oranges account for the increase. Navel and Valencia output in California-Arizona is forecast down less than 1 percent from 1993/94. From November 1994 through July 1995, on-tree prices for fresh-market oranges in California averaged \$7.88 per 75-pound box, down 5 percent from the year earlier, but about the same as the 2-year average.

Navel Orange Shipments Affected by Rain

Fresh-market navel orange shipments from California slowed earlier this year when persistent rains hampered harvesting in the coastal areas as well as in the Central Valley. The adverse weather slowed shipments and firmed up orange prices in January and February when f.o.b. prices for California navels averaged about 6 percent higher than the year earlier. Shipments increased and prices declined in March as the skies partially cleared.

Export demand for fresh-market oranges picked up in 1994/95 from the prior season due to better quality fruit and a better size structure, which added some price support. From November 1994 through May 1995, fresh orange exports totaled 465,000 tons, up 10 percent from a year before. Exports to Canada, the largest foreign market, were down slightly, but shipments to Japan advanced.

The industry expects California navel production in 1995/96 to hold steady for the third season in a row. The first USDA forecast for California navel orange production will be available in September.

California-Arizona Valencia Production Off

The California-Arizona Valencia crop is forecast at 26.7 million 75-pound boxes in 1994/95, down 2 percent from last season. Smaller supplies, relatively good export demand due to good quality, and less competition from other California fruits have strengthened grower and f.o.b. prices for Valencia oranges earlier this summer. In June, on-tree prices averaged \$9.05 per 75-pound box, up 7 percent from a year earlier, but were down to \$7.05 in July, 1 percent below the year earlier.

Figure 21

Fresh-Market Orange Prices in California

\$/75-lb. box

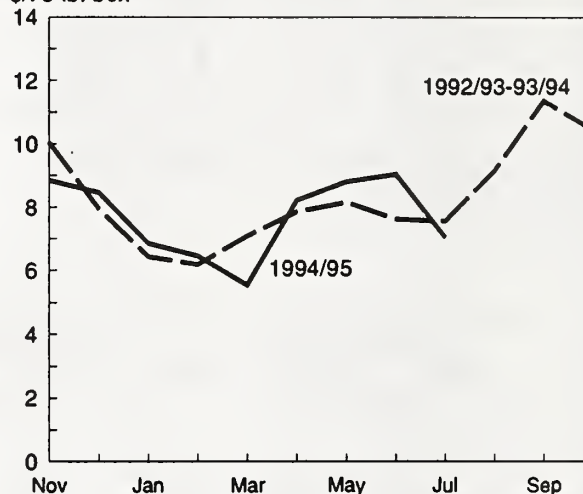


Table 29--Oranges: Supply and utilization, 1985/86-1994/95

Season 1/	Utilized production	Fresh Imports	Processed	Fresh exports	Fresh consumption
1,000 short tons					
1985/86	7,609	31	5,456	568	1,625
1986/87	7,850	22	5,731	584	1,596
1987/88	8,711	25	6,569	465	1,703
1988/89	9,118	9	7,062	559	1,505
1989/90	7,808	13	5,763	576	1,547
1990/91	7,961	69	6,704	257	1,068
1991/92	9,015	17	6,837	546	1,649
1992/93	11,105	11	8,664	613	1,840
1993/94	10,383	18	8,041	603	1,756
1994/95f	11,805	15	9,434	645	1,740

f = Forecast.

1/ Marketing season begins in November of the first year shown.

Includes lemons.

Source: Foreign Agricultural Service, USDA.

Higher Supplies Push Down Grapefruit Prices

Large grapefruit crops in Florida and Texas led to lower grower and retail prices in 1994/95. Grapefruit juice output climbed, severely reducing grower returns for processed grapefruit.

U.S. grapefruit production is expected to total 2.90 million short tons in 1994/95, up 9 percent from last season and just under the record of 3.03 million set in 1976/77. Favorable weather, more bearing trees, and higher yields from maturing trees boosted the Florida crop to a record 2.37 million tons. Texas output continues to rebound following a 1989 freeze, climbing 47 percent to 176,000 tons. Hot weather during bloom reduced Arizona's crop 20 percent, while California output rose 2 percent.

Grower prices for fresh-market grapefruit in Florida averaged 10-15 percent lower than last year, but slightly higher than in 1992/93. The large Florida crop, more competition from Texas grapefruit, and lower-than-expected export demand weighed on fresh-market grower prices.

Domestic Consumption Up, Exports Even

Domestic consumption is forecast to advance in 1994/95 due to lower prices and sluggish foreign demand. Retail prices averaged 50 cents a pound from September 1994 through June 1995, down 2 percent from a year earlier. However, per capita consumption remains well below that of the early 1980s.

Fresh grapefruit exports from September 1994 through May 1995 totaled 473,000 short tons, up 5 percent from a year earlier. Exports for the season were expected to remain about the same as the prior year, despite a larger Florida crop, due to lower availability of export quality grapefruit at the end of the Florida season in 1995.

Juice Stocks Overflow

A larger crop and a larger portion processed more than offset lower grapefruit juice yields. Florida grapefruit processors packed 31 million 40-degree-Brix gallons of concentrated grapefruit juice (excluding reprocessed juice), up 17 percent from 1993/94. Increased output and high stocks from bumper

Table 31--Grapefruit: Supply and utilization, 1985/86-1994/95

Season 1/	Utilized production	Fresh imports	Processed	Fresh exports	Fresh consumption
1,000 short tons					
1985/86	2,352	3	1,264	353	738
1986/87	2,586	2	1,386	436	766
1987/88	2,801	6	1,469	523	815
1988/89	2,844	4	1,449	587	812
1989/90	1,978	5	1,096	337	550
1990/91	2,256	8	1,015	513	736
1991/92	2,224	12	975	506	755
1992/93	2,791	14	1,518	486	801
1993/94	2,621	16	1,341	506	790
1994/95f	2,902	14	1,581	496	839

f = Forecast.

1/ Marketing season begins in September of the first year shown.

Source: Economic Research Service, USDA.

output the prior two seasons kept frozen concentrated grapefruit juice supplies high. In mid-July, product-on-hand in Florida totaled 23 million gallons, up 12 percent from last year and 45 percent higher than the 3-year average.

High stocks have put some downward pressure on retail prices for grapefruit juice, but demand is relatively weak. Retail grapefruit juice sales from November through mid-June were down 4 percent, while prices declined 1 percent. Not-from-concentrate juice was the only category that registered a volume increase.

As expected, grower prices for processing grapefruit in Florida have been extremely low in 1994/95. Returns are expected to average less than \$0.50 per 85-pound box (on-tree), down from \$1.36 in 1993/94 and the lowest in more than 10 years. With significant product on hand, another large grapefruit crop would signal low grower prices again in 1995/96.

Table 30--Grapefruit: Average monthly equivalent on-tree prices received by growers, 1991/92-1994/95

Month	Fresh grapefruit				Processing grapefruit				All grapefruit			
	1991/92	1992/93	1993/94	1994/95	1991/92	1992/93	1993/94	1994/95	1991/92	1992/93	1993/94	1994/95
\$ per 85-lb box												
September	10.15	—	—	—	2.05	—	—	—	9.19	—	—	—
October	7.99	7.41	10.23	7.93	2.23	1.28	0.26	-0.51	6.67	6.36	8.15	5.97
November	8.10	5.38	6.97	4.55	3.24	1.61	0.11	-0.49	6.55	4.36	5.16	2.81
December	7.72	5.28	5.94	4.49	3.67	1.75	0.64	-0.17	6.15	3.92	4.02	2.56
January	7.96	4.06	5.73	4.66	4.20	1.72	1.12	0.17	6.04	2.93	3.60	2.16
February	9.04	4.68	5.88	5.12	4.51	1.39	1.66	0.89	6.22	2.84	3.38	2.23
March	9.92	4.09	6.39	5.91	4.65	1.33	1.64	1.05	7.23	2.03	3.09	2.28
April	10.07	4.58	5.68	4.14	4.93	1.25	1.50	0.02	8.14	2.27	2.79	1.54
May	—	3.21	2.78	4.00	—	1.24	0.92	-0.70	—	1.80	1.59	1.58
June	—	3.00	2.90	—	—	0.83	-0.10	—	—	1.67	1.74	—

-- = Insufficient marketing to establish price.

Sources: National Agricultural Statistics Service, USDA.

Almond Crop Cut in Half, Walnut Output Up in 1995

Spring storms sharply reduced California's almond output, while walnuts escaped damage. Generally good weather conditions portend increased hazelnut and pecan production.

Almond Supplies Down and Prices Up

California almond production is forecast at 310 million pounds (shelled basis), down 58 percent from last year's record and the smallest since 1986. Heavy rain and winds during the bloom period caused bloom loss and pollination problems this spring. Also, many producing areas suffered tree losses from the severe weather, with the Sacramento Valley especially hard hit. Bearing acreage is estimated at 390,000 acres in 1995, down from 403,000 last year. Tree conditions and nut sets vary within orchards, while nut sizes range from normal to large. Crop development is behind normal due to the cool, wet weather in March.

Beginning stocks are the highest in 4 years, but the tremendous crop shortfall will reduce total almond supplies by more than one-third. Grower prices for almonds are expected to be sharply higher in 1995/96. In July, list wholesale prices were up 75 percent from a year earlier. The 60-million-pound almond reserve was released to the market following the first crop forecast in May.

In 1994/95, U.S. consumption and exports advanced due to lower prices. Grower prices averaged \$1.25 per pound, down from \$1.94 in 1993/94. Strong foreign demand, especially in Europe and the Middle East, pushed exports record high, and cleared out a large part of the 1994 crop.

Walnut Output Up 6 Percent

California walnut growers expect to harvest 490 million pounds (in-shell basis) in 1995, up 6 percent from last year. The bloom was late this year, so orchards were not affected by the spring storms.

Lower carryin is expected to offset higher production in 1995/96, leaving total supplies about the same as the previous season. Expanding walnut exports could minimize the impact of a larger crop on grower prices. Foreign shipments are expected to top 100 million pounds (shelled basis) for the first time in 1994/95. The United States is shipping more walnuts to big in-shell markets such as Germany, Italy, and Spain, as well as to Japan—the major shelled-walnut market.

Industry Expects Pecan Crop To Rebound

The pecan industry expects the 1995 crop to total 210-250 million pounds, up from the 199-million-pound crop harvested in 1994. The first USDA forecast will be available in September.

Stocks on July 1, 1995, returned to a more typical level after ballooning last year following the enormous 1993 crop of 365 million pounds. If the 1995 crop is near 230 million pounds, the midpoint of the industry range, pecan production plus carryin would be about the same or slightly lower than the previous season. Little change in U.S. supplies and a reportedly smaller crop in Mexico—the principal U.S. supplier—should indicate little change in grower prices in 1995/96. Grower prices averaged \$2.40 per pound (shelled basis) in 1994/95, up from \$1.36 the year before.

Hazelnut Output Surges

The 1995 hazelnut crop is expected to be up sharply from 1994. Weather has been nearly ideal all season, unlike the previous year's hot, dry conditions. USDA's first forecast of production will be available late in August. Beginning stocks are down some, but a bumper crop will boost supplies and pressure grower prices in 1995/96. The U.S. agricultural attache reported reduced production prospects for Turkey, the world's largest hazelnut producer, which would provide some support to U.S. grower prices.

In 1994/95, reduced U.S. hazelnut supplies and strong export demand raised the U.S. average grower price to \$1.05 per pound (shelled basis). Domestic consumption dropped due to higher prices, while ending stocks declined to the lowest in 5 years, clearing the way for a large 1995 crop. U.S. in-shell exports increased, particularly to Germany and the United Kingdom, while shelled hazelnut exports declined.

Good Prospects for Pistachios

The industry reports good growing conditions for the 1995 California pistachio crop, boosting the likelihood of increased production. As with walnuts, the harsh spring weather occurred prior to bloom and is not expected to have affected pistachio output. USDA's first indication of production will be available in January.

Pistachio production declined in 1994 following two record crops. Beginning stocks were record high last year, so supplies were relatively large and prices lower in 1994/95. Consumption and exports are forecast to increase, reducing ending stocks about one-third from a year earlier. Moderate beginning stocks in 1995, coupled with continued strength in domestic and export demand, are expected to provide some support to grower prices in 1995/96.

Table 32--Tree nuts: Supply, utilization and grower prices, by commodity and marketing year, 1990/91-1994/95

Commodity	Marketing year 1/	Beginning stocks	Marketable production 2/	Imports	Total supply	Exports	Ending stocks	Domestic consumption		Grower price
								Total	Per capita	
									Pounds	
--Million pounds (shelled)--										
Almonds 3/	1990/91	203.1	615.8	0.1	819.0	391.7	241.4	185.9	0.74	0.93
	1991/92	241.4	463.2	0.2	704.8	401.2	148.1	155.5	0.61	1.19
	1992/93	148.1	521.3	0.3	669.7	385.8	131.1	152.8	0.59	1.30
	1993/94	131.1	470.1	0.3	601.5	370.4	102.6	128.4	0.49	1.94
	1994/95 p	102.6	696.2	0.4	799.2	452.8	190.1	156.3	0.60	1.25
Hazelnuts 4/	1990/91	0.6	13.7	10.1	24.4	5.6	1.1	17.6	0.07	1.09
	1991/92	1.1	18.9	6.2	26.2	8.2	3.0	15.0	0.06	0.93
	1992/93	3.0	21.1	8.8	32.9	9.3	3.0	20.6	0.08	0.69
	1993/94	3.0	31.0	7.8	41.8	14.4	1.7	25.8	0.10	0.80
	1994/95 p	1.7	14.8	11.2	27.7	10.5	1.0	16.2	0.06	1.05
Pecans	1990/91	58.3	97.5	30.5	186.3	17.8	45.9	122.6	0.49	2.54
	1991/92	45.9	118.9	18.7	183.6	17.2	49.6	116.8	0.46	2.60
	1992/93	49.6	74.1	30.3	154.0	16.5	48.2	89.3	0.35	3.24
	1993/94	48.2	156.9	23.9	229.0	15.2	76.7	137.1	0.53	1.36
	1994/95 p	76.7	86.2	30.9	193.8	12.9	55.1	125.8	0.48	2.40
Walnuts 5/	1990/91	54.2	180.8	0.1	235.1	72.5	48.7	113.8	0.45	1.30
	1991/92	48.7	210.4	0.1	259.3	88.2	55.7	115.3	0.45	1.30
	1992/93	55.7	168.1	8.0	231.8	75.0	37.2	119.6	0.47	1.69
	1993/94	37.2	216.1	1.2	254.4	83.3	72.7	98.4	0.38	1.67
	1994/95 p	72.7	199.9	0.7	273.4	100.5	50.0	122.9	0.47	1.19
Macadamias	1990/91	na	11.7	5.2	16.9	0.9	na	16.0	0.06	3.50
	1991/92	na	11.9	2.9	14.8	1.7	na	13.1	0.05	2.92
	1992/93	na	10.3	4.4	14.7	2.1	na	12.7	0.05	3.16
	1993/94	na	11.2	4.1	15.3	1.4	na	13.9	0.05	2.94
	1994/95 p	na	11.8	4.9	16.7	1.6	na	15.1	0.06	3.02
Pistachios 6/	1990/91	10.0	42.0	0.9	52.9	8.7	16.9	27.4	0.11	2.91
	1991/92	16.9	25.5	0.2	42.6	15.4	6.1	21.1	0.08	3.75
	1992/93	6.1	65.4	0.4	71.8	27.8	17.6	26.5	0.10	2.31
	1993/94	17.6	61.9	0.5	80.0	21.1	25.7	33.3	0.13	2.61
	1994/95 p	25.7	51.2	0.9	77.8	26.8	16.1	34.8	0.13	2.31
Other Nuts 7/	1990/91	na	0.0	151.5	151.5	25.4	na	126.1	0.50	--
	1991/92	na	0.0	142.7	142.7	31.8	na	110.9	0.44	--
	1992/93	na	0.0	175.8	175.8	27.4	na	148.4	0.58	--
	1993/94	na	0.0	176.7	176.7	32.4	na	144.3	0.56	--
	1994/95 p	na	0.0	166.2	166.2	35.7	na	130.5	0.50	--
Total	1990/91	326.2	961.5	198.4	1,486.1	522.6	354.0	609.6	2.42	--
	1991/92	354.0	848.9	171.1	1,373.9	563.7	262.5	547.7	2.16	--
	1992/93	262.5	860.3	228.1	1,350.8	544.0	237.0	569.9	2.22	--
	1993/94	237.0	947.2	214.6	1,398.7	538.2	279.4	581.2	2.24	--
	1994/95 p	279.4	1,060.2	215.2	1,554.8	640.8	312.4	601.6	2.30	--

na = Not available. -- = Does not apply. P = Preliminary.

1/ Marketing season begins July 1 for almonds, hazelnuts, macadamias, pecans, and other nuts; August 1 for walnuts; and September 1 for pistachios. 2/ Utilized production minus inedibles and noncommercial useage. 3/ Stock figures from the Almond Board of California. 4/ Stock figures from the Hazelnut Marketing Board. 5/ Stock figures from the Walnut Marketing Board. 6/ Stock figures from the California Pistachio Commission. 7/ Includes Brazil nuts, cashew nuts, pine nuts, chestnuts, and mixed nuts.

Source: Economic Research Service and National Agricultural Statistical Service (utilized production and stock data, except where noted), USDA; and Bureau of the Census, U.S. Department of Commerce (trade data).

Bananas: The Top Fruit for U.S. Consumers

John M. Love

Abstract: Banana consumption is the highest among fresh fruits consumed in the United States, spurred by banana retail prices that continue to decrease relative to other fruits. Nearly all U.S. banana imports come from Latin America, and 1995 imports are forecast to hit 8.5 billion pounds. Central America has increased its share of the U.S. banana market, due in part to lower prices relative to South America. The European Union (EU) policy of regulating its banana imports is likely diverting supplies to U.S. markets and keeping prices competitive with other fruits. The EU policy favors EU and overseas territories, and African, Caribbean, and Pacific (ACP) countries by granting duty-free quotas, while setting quotas and charging tariffs on bananas from Latin American countries.

Key words: Banana, consumption, prices, demand, European Union, trade policy.

U.S. Banana Demand Is Price Sensitive

Bananas are the leading fresh fruit in the diet of U.S. consumers. The banana's appeal is a high vitamin and fiber content, affordability, snacking convenience, and year-round availability. The United States is likely to import about 8.5 billion pounds of bananas in 1995, which would amount to consumption of over 29 pounds per person. In comparison, U.S. per capita consumption of fresh apples averages about 20 pounds, oranges 14 pounds, and grapes 7 pounds. Bananas will account for over 30 percent of U.S. fresh fruit consumption in 1995, up from 26 percent in 1990.

U.S. retail prices for bananas average about \$0.45 a pound, making bananas worth \$3.8 billion for retailers. Bananas, relative to other fresh fruits, have become more affordable in recent years. The index of U.S. consumer prices for bananas is likely to average 143 (1982-84=100) in 1995—up only 4 percent from 1990—while all other fruits are likely to average 225—up 29 percent.

Also, retailers apparently limit price variability for bananas, maintaining its status as a staple in the produce department. In 1994, for example, the monthly index of retail banana prices ranged from 138 to 158—a 14-percent difference. Wholesale prices ranged from \$10 a 40-pound box (\$0.25 a pound) to \$15 a box—a 50-percent difference. The 1994 monthly index of consumer prices for oranges ranged from 162 to 221 (36-percent difference), apples 161 to 188 (17 percent), and other fruit 212 to 261 (23 percent).

Bananas Come to the U.S. Mainly from Latin America

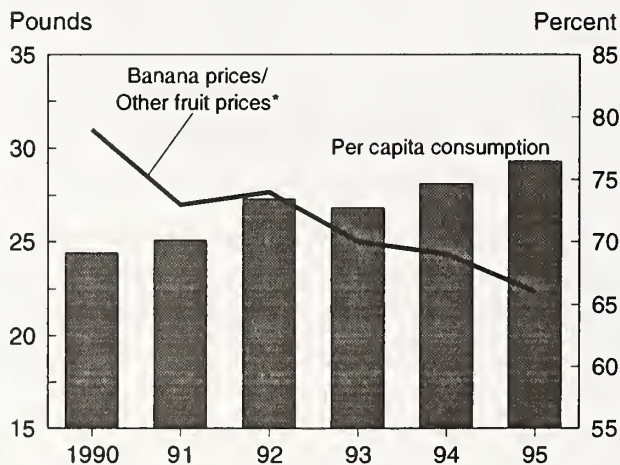
U.S. banana supplies come almost entirely from Latin American countries. Hawaii, producing 14 million pounds in 1994, is a minor source of bananas for U.S. consumption. Central America (principally Guatemala, Costa Rica, Panama, and Honduras) accounted for 54 percent of U.S. banana imports in 1994, while South America (principally Colombia, Venezuela, and Ecuador) accounted for about 41 percent. The share of U.S. banana imports from Central America has increased in recent years from 45 percent in 1990, while the share from South America has decreased from 50 percent in 1990.

In recent years, the increasing share of bananas coming from Central America is related to lower average costs, relative to South America. In 1994 the per-unit value of bananas from Central America averaged \$0.12 per pound (at the port of embarkation), 6 percent below the value of South American bananas. Compared to 1990, Central American banana prices decreased 14 percent and South American increased 3 percent. Thus, over the 4-year period, the relative cost of Central American bananas decreased 17 percent, providing importers with an incentive to switch regions.

Bananas are picked green, and the stem ends are often treated with a postharvest fungicide to reduce spoilage. Upon arrival in U.S. ports, bananas are stored in large ripening rooms for up to several weeks and are typically treated with ethylene gas (a natural ripening compound) before distribution to wholesale and retail markets. Bananas arrive in U.S. markets year-round, but usually peak around May. At this time, just before harvest of California summer fruits, orange supplies

Figure A-1

Retail Banana Prices Decline Relative to Other Fruits



1995 projection.

*Weighted average of all fresh prices, excluding bananas.

are declining and prices of U.S. apples from storage begin seasonally increasing.

EU Banana Import Regime and the U.S. Market

The European Union (EU) policy of limiting banana imports from Latin America—giving preference to African, Caribbean, and Pacific (ACP) banana growers—in effect has increased availability of bananas in the U.S. market since July 1993 (see box). U.S. banana imports in 1994 were up 5 percent from 1993 and, through March 1995, increased at a 7-percent annual rate. The pace slowed to about 4 percent in June due to short-term weather and labor problems in Latin America, but is expected to pick up.

The EU policy is aimed at aiding small ACP countries that depend on bananas for a significant share of their export earnings. But the United States has asked the EU to change its policy to accommodate more bananas shipped by U.S.-owned companies. U.S. companies ship bananas from Guatemala, Costa Rica, Panama, and Honduras in Central America, and from Colombia, Venezuela, and Ecuador in South America. The U.S. position is that EU assistance to ACP countries should not be tied to limited access for Latin American bananas in EU markets.

A limited EU market leaves the United States as the alternative for a recent buildup of capacity in Central and South American banana production. Anticipating free access to a common European market several years ago, banana producers in Cen-

tral and South America reportedly geared up for a boom in sales. Access through EU traders to Central and Eastern European markets had also expected to increase sales. But with the removal of intra-EU trade barriers, the restrictive import policies of France, Spain, and the United Kingdom (various tariff and nontariff barriers) became the single policy for all EU countries.

Increased supplies on the U.S. market could lead to even lower banana prices relative to other fruit, which would likely boost banana consumption. With banana supplies higher through most of first-half 1995, U.S. wholesale prices for bananas were relatively low, and the 1995 annual average retail price is expected to drop relative to other fresh fruits.

New York wholesale prices stayed below \$11 per 40-pound box during most of first-half 1995, compared with \$12-\$15 per box in first-half 1994. During late-June to August 1994, wholesale prices shot up to \$14-\$16 a box on reports of shortages in Central America. Similar reports for June-July 1995 sent prices temporarily higher.

Banana retail prices were up 5 percent during first-half 1995, compared to a year earlier, while other fruit prices were up 7 percent. A drop in banana prices is expected during the second half because of increased supplies. The reduced output and higher prices of California stone fruits may have offered a brief boost to banana prices, but the downward pressure is expected to resume by late summer with new U.S. crops of apples, pears, and grapes.

The EU Banana Import Regime

The European Union (EU) banana import regime, in place since July 1, 1993, favors “Community” bananas—mainly from countries with historical or political ties to the United Kingdom, France, or Spain. Bananas from EU and overseas territory producers, and from ACP (African, Caribbean, and Pacific) countries such as Cote d’Ivoire, Cameroon, St. Lucia, and Jamaica, are given duty-free quotas on imports to the EU. However, over-quota sales are subject to tariffs. In contrast, the policy sets quotas and charges tariffs on bananas from Latin American countries that have bilateral agreements with the EU.

Prior to the implementation of a single, EU-wide policy in July 1993, regulations on banana imports from Latin American producers varied by importing country. Germany kept an open market for bananas. Belgium, Denmark, Ireland, Luxembourg, and the Netherlands imposed a 20-percent tariff. France, the United Kingdom, Italy, Spain, Greece, and Portugal imposed various tariff and nontariff barriers.

“Community” bananas accounted for about 35 percent of EU banana imports before the July 1993 policy change. They now account for nearly 45 percent. Latin American suppliers, whose exports to the EU had increased rapidly since the late 1980’s to 2.7 million tons in 1992, currently export only about 2 million tons annually.

In part to adjust for EU enlargement with the addition of Austria, Sweden, and Finland, the tariff-rate quota (principally for Latin American producers) was raised 16 percent to 2.55 million metric tons (2.8 million short tons) in 1995. Also, since January 1, 1995, quota licenses were made transferable among ACP countries in the event that assigned quotas cannot be used, due to external events (drought or storm, for example).

Licenses that allocate EU quotas for bananas are used to guarantee access to the EU market. Except for Community bananas, a 20-percent tariff (ad valorem equivalent) is charged on within-quota amounts, and 170 percent is charged for over-quota amounts. Quotas are set by the EU to meet projected consumer needs, and over-quota sales are generally not expected. Although the licenses are now transferable among ACP countries, banana exporters have complained in the past about unaccountable methods of distribution—licenses were sometimes given to sellers who were not producing enough to fill their quota.

When banana prices fall below the reference price set by EU regulations, compensatory aid is given to EU and overseas territory producers (such as Canary Islands, Martinique, and Guadeloupe). For example, when banana prices fell below the reference price during 1994, compensatory aid was set at about \$4 per 40-pound box.

The EU banana import regime, by limiting supplies, may be helping indirectly to support prices of other fruits, thereby lowering EU payments to domestic growers of fruits such as apples. In the absence of the regime, banana prices would likely be lower and consumption would rise. Prices of competing fruits would be pressured downward, adversely affecting fruit growers and potentially increasing EU budget outlays.

EU consumers currently pay higher prices than U.S. consumers for bananas. In western Germany, for example, the March 1995 average price of bananas equaled about \$1 a pound, compared with \$0.50 a pound in the United States. In addition, German consumers pay higher prices for bananas relative to other fruits. For example, banana prices are 10 percent higher than apple prices. In comparison, U.S. banana retail prices are 40 percent *lower* than fresh apple prices. Before the new regime was put into place throughout the EU, banana prices in France and the U.K., where policies were more restrictive, averaged about 35 percent higher than those in Germany.

According to a World Bank study, the EU banana import policy costs European consumers \$2.3 billion annually in artificially inflated prices. Moreover, the policy increased costs by over 40 percent, compared with the various national policies in place 2 years ago. The study estimated a 12-percent increase in banana prices, on average, due to the new EU policy, and found the increased cost to consumers was distributed mostly to traders rather than to ACP banana growers.

Competition of Chilean Horticultural Exports With the U.S. Horticulture Industry

Boyd M. Buxton

Abstract: Discussions on the accession of Chile into the North American Free Trade Agreement (NAFTA) are underway between the United States, Canada, Mexico, and Chile. Chile is a major supplier of horticultural commodities to the United States. Its potential accession to NAFTA raises questions about the impact on the U.S. horticultural industry. Because Chile's growing season is opposite from that of the United States, grapes, peaches, and plums enter when U.S. supplies are low. However, imports of apples, pears, kiwifruit, avocados, dry onions, and processed commodities are competitive with U.S. production. U.S. tariffs vary among commodities but most are relatively low compared with the 11-percent duty for U.S. exports to Chile. In addition, phytosanitary restrictions have effectively closed Chile to imports of fresh fruits and vegetables from all countries, including the United States.

Key words: Chile, fruits, vegetables, horticultural commodities, trade, tariffs, phytosanitary restrictions.

Introduction

The North American Free Trade Agreement (NAFTA) between the United States, Mexico, and Canada was implemented on January 1, 1994. In December of that year, President Clinton and leaders of Canada and Mexico met with leaders of Chile and agreed to begin talks that could lead to the accession of Chile into NAFTA. The discussions are now underway with the expectation that the negotiations will lead to Chile becoming part of the NAFTA.

Chile is an important supplier of horticultural commodities and products to the United States and its accession to NAFTA raises questions about the possible economic effects on the U.S. horticultural industry. The value of U.S. horticultural imports from all countries, including fruits (excluding bananas), vegetables, tree nuts, wine, cut flowers, and nursery

stock, expanded from over \$2.4 billion in 1980 to over \$6.4 billion in 1994 (figure B-1). Chile's share of these U.S. imports rose from 1.7 percent or \$40 million in 1980 to just over 6 percent or \$429 million in 1994.

Chile's Role in the U.S. Fruit and Vegetable Markets

In terms of value, fresh fruit is by far the most important U.S. horticultural import from Chile accounting for one-third of total U.S. fresh fruit imports (excluding bananas) in 1993 and 1994 (table B-1). Despite Chile's relatively small 7-percent share of total U.S. horticultural imports in 1994, its exports to the United States were concentrated in relatively few commodities, mostly fresh fruits, fruit juice, and some processed fruit and vegetables. Processed vegetables, mostly tomato and mushroom products, were equivalent to about 10 percent of the fresh vegetable imports from Chile, while processed fruit were equivalent to only 3 percent of fresh fruit imports from Chile.

Chile is the dominant foreign supplier of fresh peaches (including nectarines), plums, grapes, and kiwifruit, accounting for over 74 percent of total U.S. imports in 1993 and 1994. Chile also accounted for about 50 percent of U.S. avocado and pear imports. Other important Chilean exports to the United States were processed tomatoes, berries (excluding strawberries), fresh apples, and fruit juice. Although representing a relatively small share of total U.S. imports, Chile exported significant values of wine and dry onions.

In terms of total value, fresh grapes were by far Chile's leading horticultural export to the United States (figure B-2). Far behind grapes were peaches, apple juice, processed tomatoes, and plums. In 1994, the nine commodities represented in figure 2 accounted for well over 85 percent of Chilean horticultural exports to the United States. The remainder represented relatively small quantities of fresh fruits, some processed fruits (including grape juice), wine, fresh vegetables (asparagus, garlic, onions, and endive), and processed mushrooms, cucumbers, and artichokes.

Figure B-1

U.S. Horticultural Imports

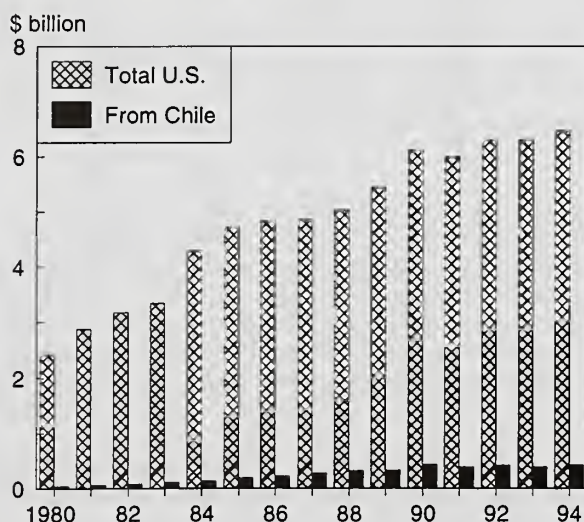


Table B-1--Value of U.S. horticultural imports ranked by Chile's share of total U.S. imports, average 1993 and 1994

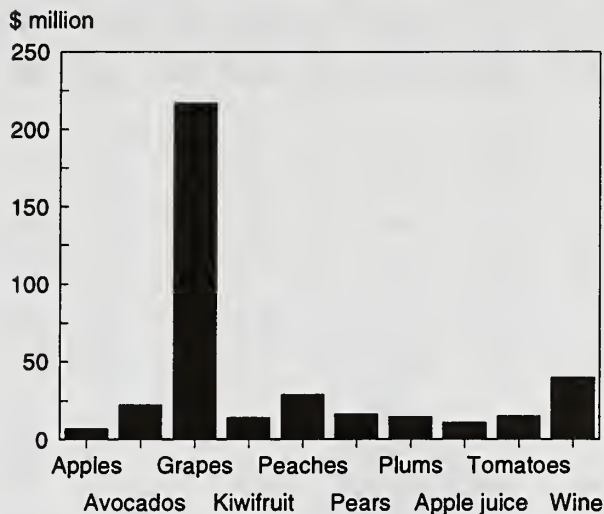
Total/commodity	World		Chile				Avg 1993/94
	1993	1994	CY 1993	CY 1994	CY 1993	CY 1994	
	--- 1,000 dollars ---				--- Percent ---		
Total agricultural imports	24,980,732	26,818,015	456,252	542,675	1.8	2.0	1.9
Noncompetitive	5,618,377	6,730,578	3,020	4,853	0.1	0.1	0.1
Competitive	19,362,354	20,087,437	453,232	537,821	2.3	2.7	2.5
Fruit (excludes bananas)	1,387,670	1,495,304	296,746	340,826	21.4	22.8	22.1
Fresh or frozen	885,092	986,603	288,845	329,668	32.6	33.4	33.0
Processed	502,579	508,701	7,901	11,158	1.6	2.2	1.9
Juice	649,467	659,120	33,628	22,778	5.2	3.5	4.3
Nuts and preparations	466,917	499,873	851	281	0.2	0.1	0.1
Vegetables	2,450,255	2,730,776	29,356	46,437	1.2	1.7	1.4
Fresh or frozen	1,347,136	1,458,491	6,457	11,237	0.5	0.8	0.6
Processed	1,103,119	1,272,285	22,899	35,200	2.1	2.8	2.4
Wine	975,934	1,034,771	33,388	39,868	3.4	3.9	3.6
Cut flowers	370,945	407,635	650	1,239	0.2	0.3	0.2
Nursery stock	271,320	292,540	104	75	0.0	0.0	0.0
Total horticultural	5,923,041	6,460,900	361,096	428,724	6.1	6.6	6.4

Commodities ranked by Chile's share of total U.S. imports

Peaches and nectarines, fresh	26,575	28,886	25,999	28,674	97.83	99.27	98.55
Plums, fresh	14,160	14,836	14,045	14,429	99.19	97.26	98.22
Grapes, fresh	258,747	264,896	202,848	216,766	78.40	81.83	80.11
Kiwifruit, fresh	16,643	16,728	10,902	13,840	65.51	82.73	74.12
Avocados, fresh	4,975	25,092	1,530	22,242	30.75	88.64	59.70
Pears, fresh	32,299	32,033	14,889	16,071	46.10	50.17	48.13
Tomatoes, processed	67,757	84,800	11,646	15,002	17.19	17.69	17.44
Berries (except strawberries)	30,700	41,946	3,878	5,266	12.63	12.55	12.59
Apples, fresh	70,270	77,797	9,466	7,096	13.47	9.12	11.30
Miscellaneous fruit juice	74,177	91,166	7,014	10,601	9.46	11.63	10.54
Apple juice	205,021	188,550	26,062	10,671	12.71	5.66	9.19
Other fruit, fresh or frozen	52,076	63,959	3,582	4,357	6.88	6.81	6.85
Garlic	27,789	21,602	1,654	1,226	5.95	5.68	5.81
Mushrooms, canned	93,560	141,384	2,831	9,875	3.03	6.98	5.00
Asparagus, fresh or frozen	44,779	46,352	1,883	1,750	4.20	3.78	3.99
Mushrooms, dried	21,046	18,462	687	773	3.27	4.19	3.73
Wine	975,934	1,034,771	33,388	39,868	3.42	3.85	3.64
Grape juice	44,196	26,679	553	1,506	1.25	5.65	3.45
Miscellaneous fruit, processed	293,170	333,658	7,901	11,158	2.69	3.34	3.02
Brazil nuts	16,473	20,174	758	262	4.60	1.30	2.95
Onions	104,585	140,790	988	6,697	0.94	4.76	2.85
Asparagus, processed	2,512	1,379	3	69	0.13	5.03	2.58
Artichokes, processed	29,968	55,832	647	1,050	2.16	1.88	2.02
Onions, processed	6,583	3,530	56	106	0.84	2.99	1.92
Citrus, fresh	63,062	70,204	1,374	927	2.18	1.32	1.75
Cabbage, fresh	6,640	5,544	122	51	1.83	0.92	1.38
Endive, fresh	4,637	5,791	98	30	2.11	0.52	1.32
Miscellaneous vegetable, fresh	128,844	154,112	1,690	1,463	1.31	0.95	1.13
Cucumbers, processed	7,733	11,690	20	206	0.25	1.76	1.01
Strawberries, fresh or frozen	42,340	54,205	316	0	0.75	0.00	0.37
Cut flowers	370,945	407,635	650	1,239	0.18	0.30	0.24
Olives, canned	143,031	148,007	272	104	0.19	0.07	0.13
Lettuce, fresh	7,176	5,408	0	13	0.00	0.24	0.12
Miscellaneous nuts	61,603	55,000	86	4	0.14	0.01	0.07
Nursery stock, bulbs, etc.	271,320	292,540	104	75	0.04	0.03	0.03
Coconut meat	48,316	49,925	7	15	0.02	0.03	0.02
Garlic, dried	5,471	6,379	2	0	0.04	0.00	0.02
Mangoes, fresh	89,277	97,912	15	0	0.02	0.00	0.01
Beans fresh or frozen	19,717	21,726	3	0	0.01	0.00	0.01

Source: Foreign Agricultural Trade of the U.S., ERS, USDA.

Figure B-2

Major U.S. Horticultural Imports from Chile, 1994**Chilean Exports to United States Are Often Complementary**

Chile's annual share of U.S. horticultural imports does not provide a complete picture of the competitive situation between Chile and the United States. Because Chile is in the Southern Hemisphere, some U.S. horticultural imports from Chile do not compete directly with the U.S. domestic industry, as they enter the United States when few if any domestic supplies are available. Monthly shipment data from USDA's Agricultural Marketing Service provide estimates of Chile's monthly share of the total U.S. market and of total U.S. imports (table B-2, see figures B-3 and B-4). From 1991 to 1994, Chile, on average, accounted for virtually all U.S. imports of fresh plums and peaches, about 87 percent of U.S. table grape imports, and more than 50 percent of the fresh pears, avocados, and kiwifruit.

Generally, fresh grapes, peaches, and plums are not competitive. However, some competitive overlap occurs for fresh grapes at the beginning and end of the U.S. shipping season. Early season grapes, mostly produced in California's Coachella Valley, are ready for market by early May before the Chile season ends and, therefore, are competitive with Chilean grapes. Similarly, Chilean grapes often enter the United States before the end of the U.S. marketing season in late November and early December. A similar, but less dramatic, overlap exists for peaches and plums. Chile is nearly 100 percent of the U.S. fresh peach and plum market during the winter season.

In contrast, much of U.S. pear, apple, and avocado production is marketed year-round, making Chilean imports of those commodities directly competitive. Most kiwifruit from Chile are directly competitive with U.S. production, as they enter during the last portion of the U.S. marketing season. Chilean exports of apple juice and tomato products to the United States can be directly competitive with domestic supplies since they are storable.

Chile represents a relatively small share of total U.S. imports of a number of commodities, including fresh vegetables. In-

creased exports to the United States would directly compete with Mexico, the major supplier of foreign winter vegetables, and winter vegetable production in Florida and California. Chile has not become a major supplier of fresh vegetables, probably because Mexico, with its closer proximity, has an advantage in U.S. markets. In 1993 and 1994, Chilean dry onion exports to the United States represented only 0.2 percent of the U.S. dry onion market but 2.6 percent of total U.S. imports. For the same period, Chilean exports represented only about 1 percent of the U.S. apple market but over 20 percent of U.S. imports.

Tariff Barriers Between the United States and Chile

Chile is designated as a beneficiary developing country and is assessed a lower tariff for some commodities under the Generalized System of Preferences (GSP). This status provides lower tariffs than the most favored nation (MFN) rates for many commodities. U.S. tariffs on imported Chilean horticultural commodities are set forth in the GSP and MFN rates specified in the Harmonized Tariff Schedule of the United States. No tariff is assessed on Chilean imports of fresh apples, kiwifruit, strawberries, or peaches from December 1 to May 30, pears from April 1 to June 30, and plums from January 1 to May 31. Seasonal tariffs are assessed on peaches, pears, and plums for other times of the year (Table B-3). Chile imposes a flat 11 percent tariff on all fruit and vegetable commodities from the United States.

Phytosanitary Barriers Effectively Bar U.S. Exports to Chile

Table 4 lists horticultural commodities that Chile can export to the United States from all provinces and those that are medfly free. Special treatments for plant pests are usually required for commodities from the provinces that are not designated medfly-free zones. However, most fruit exports to the United States are from medfly-free zones.

Phytosanitary restrictions have effectively closed Chile to imports of fresh fruits and vegetables from all countries, including the United States. The only exceptions are U.S. lemons, bananas, pineapples (excluding Hawaii), and coconuts. U.S. authorities are working with Chile to change existing phytosanitary barriers for additional U.S. horticultural commodities including apples, pears, grapes, peaches, nectarines, plums, raspberries, strawberries, avocados, and citrus.

Summary and Conclusions

If acceded into NAFTA, Chile would be required to eliminate tariffs immediately or to phase them out over a specified time period and to eliminate phytosanitary rules that are not scientifically based and justified. The United States would have to do the same. Under the terms of the Uruguay Round of the General Agreement on Tariffs and Trade, both countries are required to reduce tariffs and eliminate non-scientific based phytosanitary rules.

Chile's accession into NAFTA likely would have a relatively small economic impact on the U.S. horticultural industry because most commodities are presently allowed to enter and U.S. tariffs are quite low on most horticultural commodities. Some commodities enter the United States without a tariff. The highest tariffs are applied on processed fruit and vegeta-

Table B-2--U.S. Monthly shipments and imports from Chile and the rest of world for selected fresh horticultural commodities, 1991 to 1994 average 1/

Item	Unit	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Apples														
U.S.	1,000 cwt	3,847	3,861	3,863	3,316	3,209	2,128	2,026	2,000	2,951	4,364	4,172	4,375	40,112
Chile	"	0	2	79	154	220	73	33	1	1	0	0	1	563
Other imports	"	116	121	166	288	323	278	116	81	123	192	130	83	2,016
Chile's share of														
U.S. market	Percent	0.0	0.0	1.9	4.1	5.9	2.9	1.5	0.0	0.0	0.0	0.0	0.0	1.3
U.S. imports	"	0.0	1.2	32.2	34.7	40.4	20.8	22.3	1.2	0.8	0.0	0.0	1.2	21.8
Pears														
U.S.	1,000 cwt	787	668	556	437	395	174	360	571	848	1,299	1,168	1,051	8,312
Chile	"	13	275	263	161	62	64	2	0	0	0	0	0	839
Other imports	"	1	55	90	86	137	36	0	0	1	0	1	1	406
Chile's share of														
U.S. market	Percent	1.6	27.5	28.9	23.6	10.4	23.5	0.4	0.0	0.0	0.0	0.0	0.0	8.8
U.S. imports	"	96.2	83.3	74.6	65.3	31.1	64.3	85.7	0.0	0.0	0.0	0.0	33.3	67.4
Grapes														
U.S.	1,000 cwt	114	14	1	0	282	1,119	1,971	2,687	2,319	2,005	1,650	719	12,879
Chile	"	1,183	1,583	1,941	1,109	57	1	0	0	0	0	9	247	6,130
Other imports	"	0	0	0	1	413	485	20	1	12	8	2	1	943
Chile's share of														
U.S. market	Percent	91.2	99.2	99.9	100.0	7.6	0.0	0.0	0.0	0.0	0.0	0.5	25.6	30.7
U.S. imports	"	100.0	100.0	100.0	100.0	12.1	0.2	0.0	0.0	0.0	0.0	83.7	99.8	86.7
Peaches														
U.S.	1,000 cwt	0	0	0	16	806	1,492	1,926	1,692	770	70	2	0	6,773
Chile	"	369	338	164	2	0	0	0	0	0	0	12	136	1,020
Other imports	"	0	0	1	3	0	0	1	4	4	0	0	0	13
Chile's share of														
U.S. market	Percent	100.0	99.9	99.2	7.3	0.0	0.0	0.0	0.0	0.0	0.0	87.0	100.0	13.1
U.S. imports	"	100.0	99.9	99.2	33.3	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0	98.8
Avocados														
U.S.	1,000 cwt	312	307	350	412	534	440	497	446	308	291	187	208	4,292
Chile	"	2	2	0	0	0	0	0	0	32	68	58	26	186
Other imports	"	12	3	1	1	1	3	7	10	18	28	23	23	127
Chile's share of														
U.S. market	Percent	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	8.9	17.5	21.7	10.0	4.0
U.S. imports	"	11.5	31.6	0.0	0.0	0.0	0.0	0.0	0.0	64.1	70.9	72.0	52.6	59.4
Kiwifruit														
U.S.	1,000 cwt	97	144	180	111	40	14	1	0	0	38	60	90	773
Chile	"	0	0	2	96	137	39	7	9	12	0	0	0	300
Other imports	"	2	2	1	0	32	38	59	59	37	11	6	7	253
Chile's share of														
U.S. market	Percent	0.0	0.0	0.8	46.3	65.7	42.4	9.8	12.6	23.8	0.0	0.0	0.0	22.6
U.S. imports	"	0.0	0.0	60.0	100.0	81.1	50.3	9.9	12.6	23.8	0.0	0.0	0.0	54.2
Plums														
U.S.	1,000 cwt	0	0	0	0	170	735	1,013	640	406	110	12	3	3,088
Chile	"	101	130	85	38	2	0	0	0	0	0	1	28	383
Other imports	"	0	0	0	0	0	0	0	0	0	0	0	0	0
Chile's share of														
U.S. market	Percent	100.0	100.0	100.0	100.0	1.2	0.0	0.0	0.0	0.0	0.0	8.0	90.2	11.0
U.S. imports	"	100.0	100.0	100.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0	100.0
Onions, dry														
U.S.	1,000 cwt	2,899	2,423	2,005	2,262	2,699	2,967	2,919	2,828	3,173	3,176	2,971	2,799	33,120
Chile	"	13	9	8	27	12	5	0	0	0	0	0	1	74
Other imports	"	160	301	961	663	208	44	33	43	86	62	85	124	2,768
Chile's share of														
U.S. market	Percent	0.4	0.3	0.3	0.9	0.4	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.2
U.S. imports	"	7.4	2.8	0.9	3.9	5.3	10.8	0.0	0.0	0.0	0.0	0.0	0.8	2.6

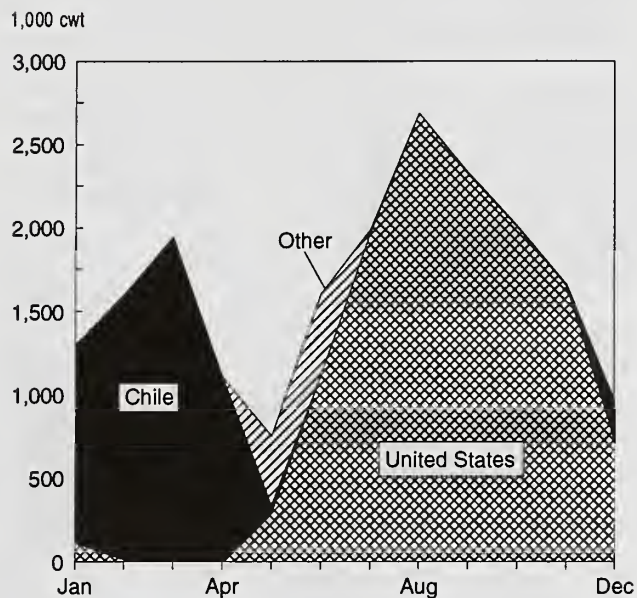
1/ Total U.S. shipments include U.S. exports.

Source: Fresh Fruit and Vegetable Shipments, Agricultural Marketing Service, USDA.

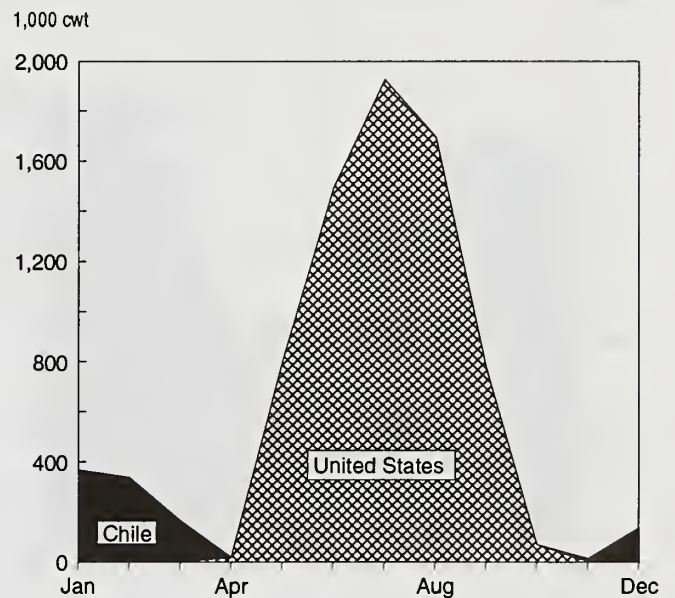
Figure B-3

Seasonal Competition in U.S. Markets: Grapes, Peaches, Plums, and Pears, Average Shipments, 1991-94

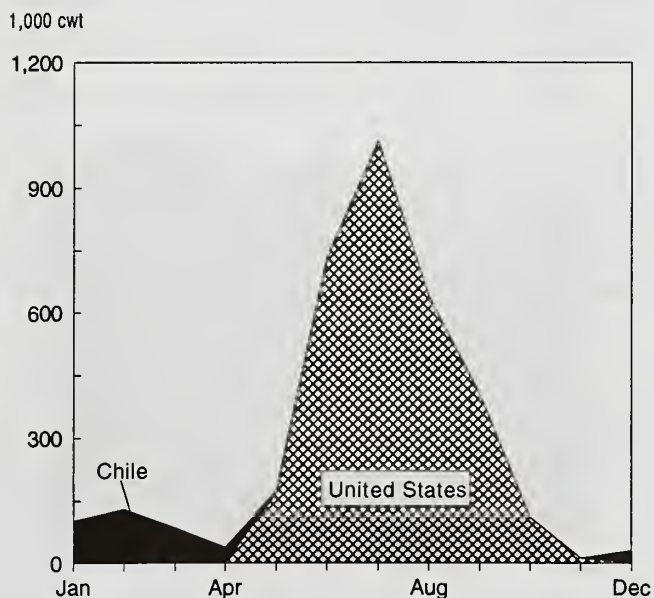
Grapes



Peaches



Plums



Pears

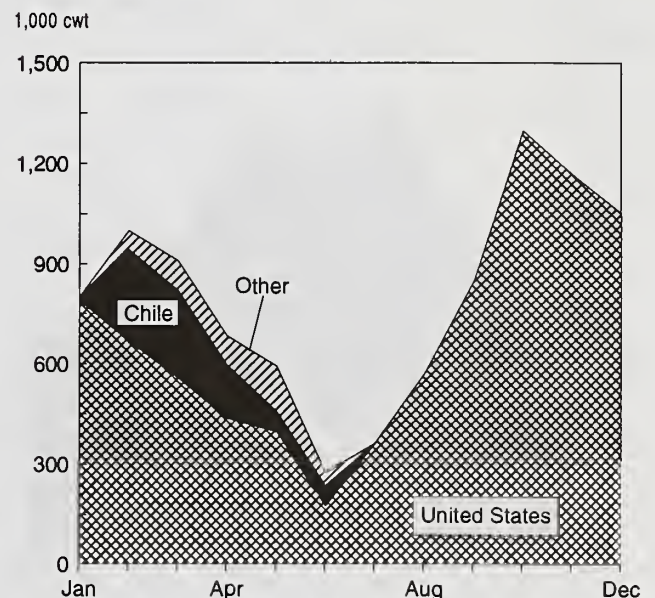
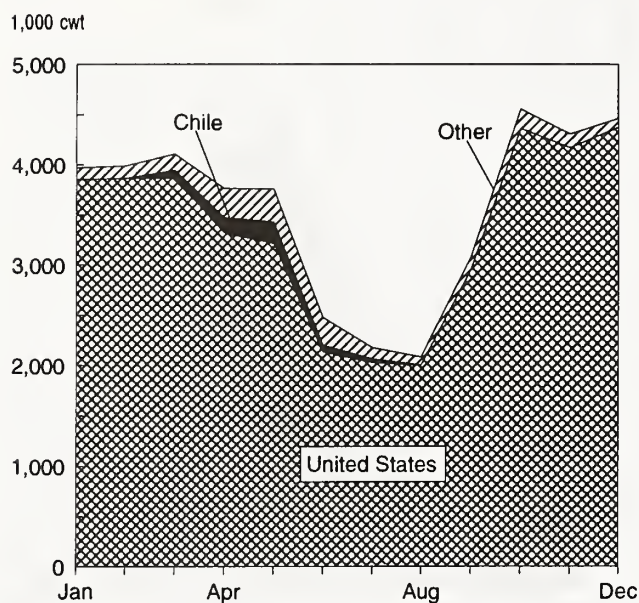


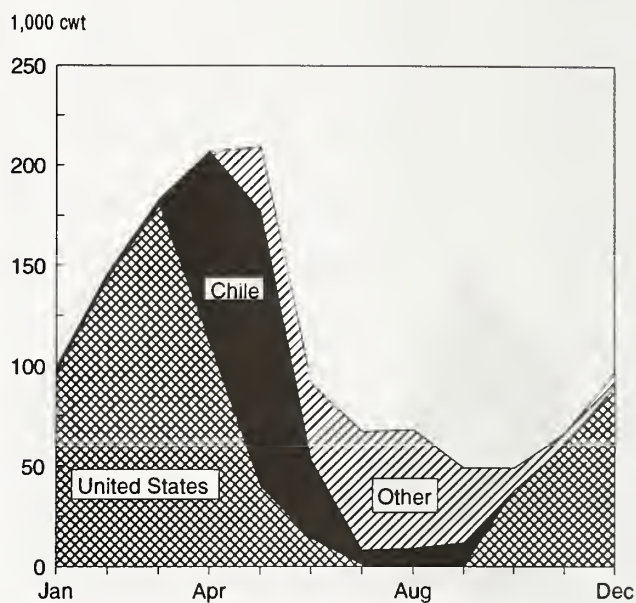
Figure B-4

Seasonal Competition in U.S. Markets: Apples, Kiwifruit, Avocados, and Dry Onions, Average Shipments, 1991-94

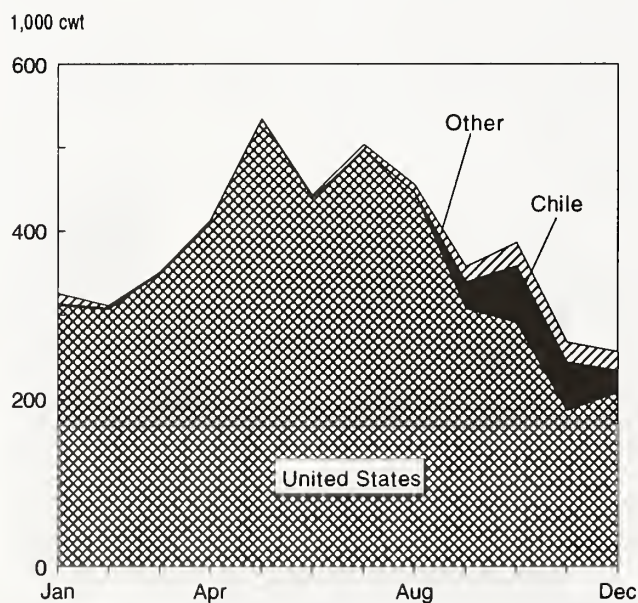
Apples



Kiwifruit



Avocados



Dry Onions

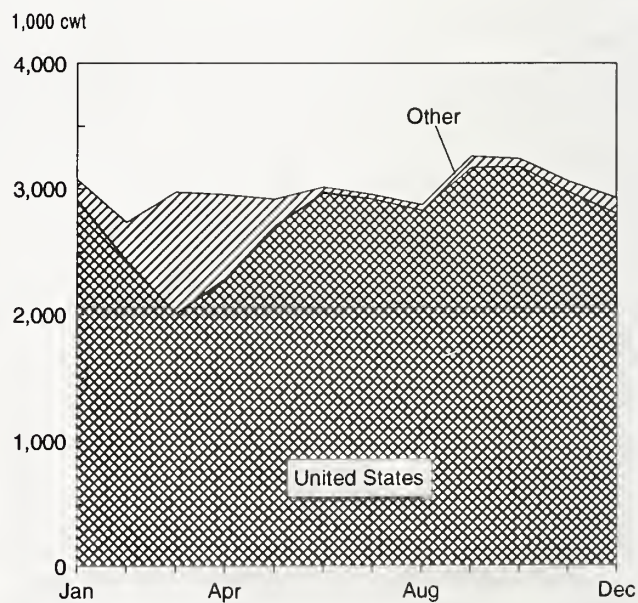


Table B-3--U.S. tariffs assessed on Chilean imports, horticultural commodities, January 1, 1995

Commodity	Tariff
Fresh or frozen fruit:	
Apples	Free
Avocados	12.9c/kg
Raspberries	(Sep 1-Jun 30) 61c/kg; (Other times) Free
Citrus, oranges & Temples	2.2c/kg
Limes	2.1c/kg
Lemons	2.7c/kg
Grapefruit	(Aug 1-Sep 30) 2.2c/kg; (Oct) 1.8c/kg; (Other) 2.8c/kg
Grapes	(Feb 15-Mar 31), \$1.36/m3; (Apr 1-Jun 30) free; (Other time) \$2.07/m3.
Kiwi	Free
Mangoes	Free
Melons:	
Cantaloups	(Aug 1- Sep 15) 18.8%; (Other) Free
Watermelon	(Dec 1-Mar 31 next) Free; (Other) 19.5%
Ogen & Gala melons	Free
Other melons	(Dec 1-Mar 31 next) Free; (Other) 38.8%
Peaches and nectarines	(Jun 1-Nov 30) 0.4c/kg; (Other times) Free
Pears	(Apr 1- Jun 30) Free; (Other time) 1c/kg
Pineapples	0.62c/kg (bulk): 1.28c/kg (not bulk); 0.53c/kg reduced in size)
Plums	(Jan 1-May 31) Free; (Other times) 1c/kg
Strawberries	Free
Processed fruit:	
Pineapple	0.52c/kg
Canned peaches	19.5%
Canned pears	17.6%
Fruit juice:	
Apple	Free
Grape	6.2c/liter
Wine:	
Sparkling	Free
Less than 14% Alcohol	29c/liter
Red and white	9.3c/liter
Total Nuts:	
Brazil	Free
Fresh or frozen vegetables:	
Tomatoes	(Mar 1-Jul 14) 4.5c/kg; (Other times) 3.2c/kg
Asparagus	((Sep 15-Nov 15) by air) Free; (Other) 24.4%
Cabbage	Free
Endive	Free
Garlic	Free
Onions	Free
Processed vegetables:	
Cucumbers	Free
Olives	See footnote 1
Mushroom, canned	6.9c/kg, drained basis + 9.8%
Mushroom, dry	(Air or sun dried) Free; (Other) 2.7c/kg + 3.8%
Onions	Free
Artichokes	Free
Asparagus	17.1%
Tomato products	14.3%, whole and pieces; 13.3%, paste
Dry beans, peas	Free
Cut flowers	(Roses) 7.8%; (Other) Free
Nursery stock	Free

1/ Reflects both NAFTA and Uruguay Round of GATT.

Table B-4--Fruits and vegetables approved for entry into
the United States from Chile

From all provinces:	Only from medfly-free provinces:
Artichoke, globe	Prickly pear
Artichoke, Jerusalem	Pouteria
Asparagus	Rose hip
Banana	Avocado
Basil	Chilean cranberry
Blackberry	Feijoa
Carrot	Loquat
Corn, green	Kumquat
Cucumber	Lucuma
Durian	Mango
Eggplant	Papaya
Ginger root	Sepote
Lemon	
Lettuce	Treatment mandatory if from a
Lime	medfly-infested province:
Loquat	Apple
Maqui fruit	Apricot
Melon	Blueberry
Oregano	Cherry
Palm heart	Grape
Raspberry	Kiwifruit
Squash	Mountain papaya
Strawberry	Nectarine
Tarragon	Peach
Watercress	Pear
Watermelon	Persimmon
Yam	Pineapple 1/
	Plum
	Plumcot
	Quince
	Sand pear

1/ No shipments to Hawaii.

Source: Animal Plant Health Inspection Service, USDA.

bles and wine. Eliminating the relatively high tariffs on these competitive products could affect these sectors of the U.S. horticulture industry. On the other hand, eliminating Chile's 11-percent tariff and reducing existing phytosanitary barriers may provide opportunities to increase U.S. horticultural exports to Chile.

Chile has expanded production of horticultural commodities, mostly for export, over the past 15 years and there is still potential for expansion should market opportunities become available. This raises questions about further expansion, especially into processed commodities such as canned fruit, fruit juice, and tomatoes, that might occur in Chile should it become part of NAFTA.

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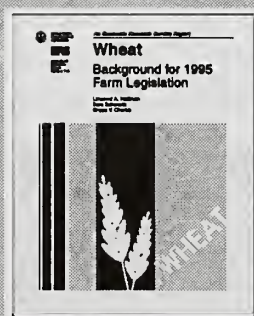
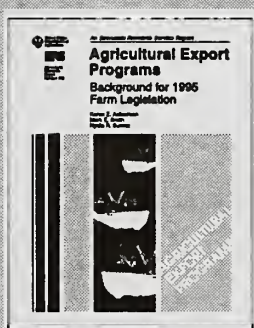
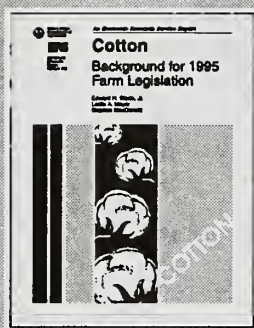
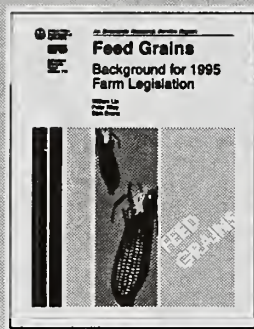
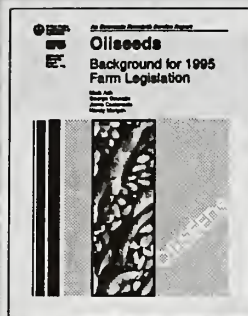
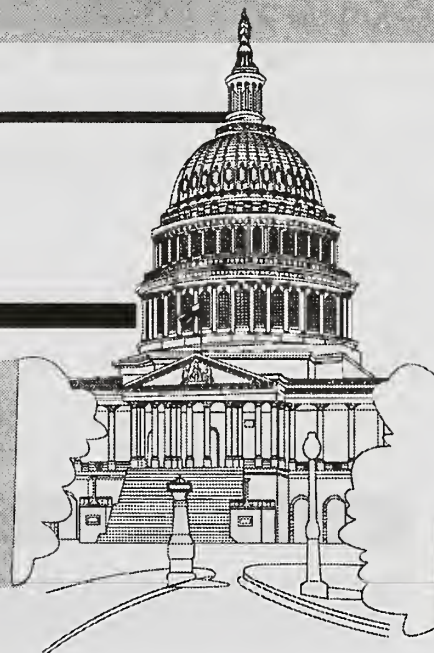
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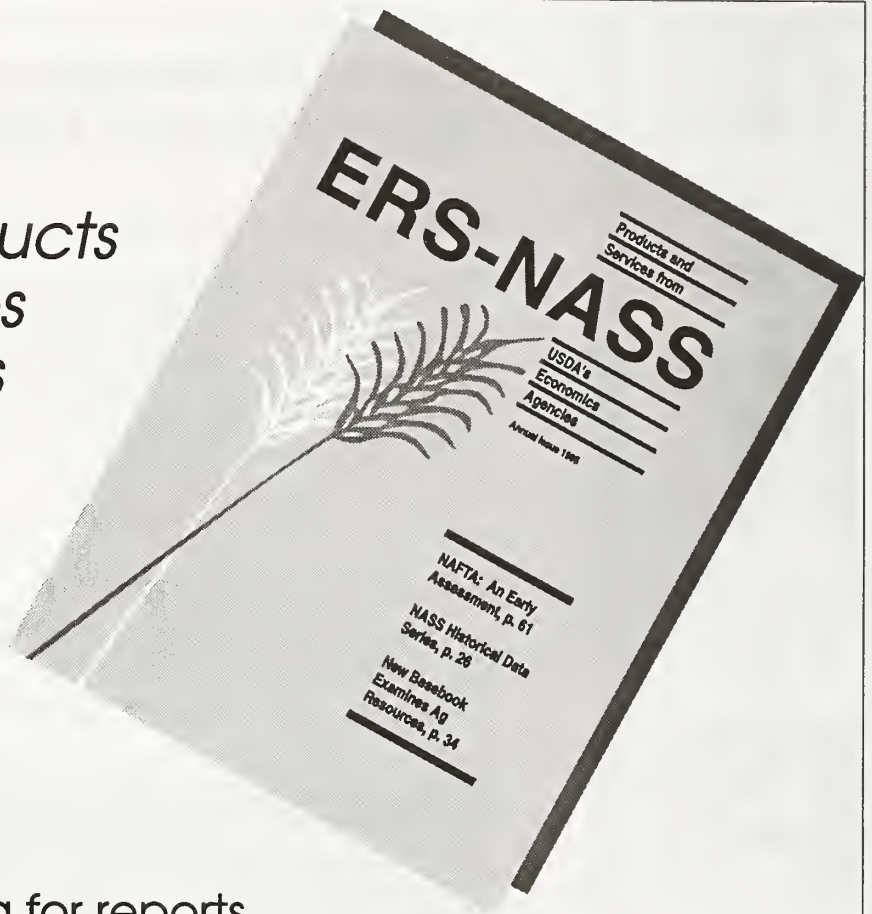
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